



Kot Bhalwal, Jammu



Model Institute of Engineering  
& Technology (Autonomous)  
Dr. Arun K. Gupta Teaching-Learning Centre

## Department of BBA

### Details of Lesson Plan

S. No.	Particulars	Details
1.	Course Name	Introduction to Financial Markets
2.	Course Code	BFSMJ-402
3.	Academic Year	2024-25
4.	Semester	IV
5.	Number of Lesson plans	48
6.	Faculty Assigned	Dr Paramdeep Kour

**Paramdeep Kour**  
Faculty Signature



Version 1.1

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<b>Lesson Plan 1.1</b>	<b>Course Name: Introduction to Financial Markets</b> <b>Topic: Formal and Informal Financial System</b>	<b>Course Code: BFSMJ-402</b>
<b>Objectives</b>	At the end of the lesson the student shall be able to: <ul style="list-style-type: none"><li>• Understand the formal and informal financial system.</li><li>• Articulate the difference between formal and informal financial system.</li></ul>	
<b>Teaching Aids (if any)</b>	<ul style="list-style-type: none"><li>• Use of ICT</li></ul>	
<b>Teaching Development</b>	<p>➤ <b>Introduction (10 minutes)</b></p> <p>The following questions will help set the stage for understanding the two primary types of financial systems:</p> <ol style="list-style-type: none"><li>1. What do you understand by the term "financial system"?</li><li>2. Can you think of examples of places where you would go to borrow or lend money?</li><li>3. Do you know the difference between a bank loan and borrowing money from a family member or friend?</li><li>4. Why do people sometimes prefer informal financial systems over formal ones, and vice versa?</li></ol> <p>➤ <b>Development (30 minutes)</b></p> <ol style="list-style-type: none"><li>1. <b>Financial System?</b></li></ol> <p>A financial system refers to a set of institutions, markets, instruments, and regulations that facilitate the flow of funds from savers to borrowers. It plays a vital role in the economy by enabling the exchange of capital and helping allocate resources for various productive purposes.</p> <p>In general, financial systems can be categorized into two broad types: formal financial systems and informal financial systems.</p> <p><b>2. Formal Financial System</b></p> <p>A formal financial system refers to the official channels of financial intermediation regulated and supervised by government authorities, such as central banks and financial regulatory bodies. These systems are characterized by their legal framework and institutionalized structures. They include well-established financial institutions and markets like banks, credit unions, stock markets, and insurance companies.</p> <p><b>Key Features:</b></p> <ul style="list-style-type: none"><li>• <b>Regulation:</b> These systems operate under strict regulatory frameworks set by government entities (e.g., central banks, financial authorities).</li><li>• <b>Financial Institutions:</b> Banks, insurance companies, stock exchanges, and mutual funds are examples of institutions that form part of the formal financial system.</li><li>• <b>Access to Credit:</b> Formal financial institutions provide loans, mortgages, and other financial products that are governed by contracts and terms.</li></ul>	



- **Transparency:** Transactions and operations are generally transparent, subject to audits, and regulated by laws to ensure fairness and security.
- **Interest Rates and Fees:** The interest rates and fees on loans, savings, and investments are generally determined by market conditions, but also subject to government oversight.

#### Advantages:

- **Safety and Security:** Due to government regulation and insurance schemes (e.g., FDIC insurance for deposits), funds are safer in the formal system.
- **Access to Large-Scale Credit:** Individuals and businesses can access significant financial resources for investment, expansion, or personal use.
- **Structured Market:** Offers structured investment opportunities such as bonds, stocks, and real estate.

#### Examples of Formal Financial Institutions:

- **Commercial Banks:** Banks like JPMorgan Chase or Wells Fargo.
- **Central Banks:** The Federal Reserve in the U.S., the European Central Bank, etc.
- **Stock Markets:** The New York Stock Exchange (NYSE), London Stock Exchange (LSE).

### 3. Informal Financial System

An **informal financial system** refers to the unofficial, often unregulated ways in which individuals and groups manage financial resources. These systems are typically built on trust, social networks, and personal relationships, and they often operate outside the framework of legal and financial regulations.

#### Key Features:

- **Lack of Regulation:** Informal systems are not governed by any formal regulatory authority, which means they operate on a much smaller scale and can be riskier.
- **Social Relationships:** Informal loans and financial arrangements often occur between family members, friends, or community groups.
- **Limited Access to Credit:** Credit in informal systems is often based on trust rather than a formal credit check or legal documentation.
- **Flexibility:** Terms for borrowing and lending can be much more flexible and customized to the needs of the individuals involved.

#### Advantages:

- **Accessibility:** People who are excluded from the formal financial system (e.g., due to lack of credit history, formal identification, or access to banks) can still participate in financial activities.
- **Low Costs:** Informal systems may have lower transaction costs since they are not subject to formal fees or interest rates set by banks.
- **Quick Transactions:** Transactions are often faster, as there are fewer bureaucratic processes involved.



### Examples of Informal Financial Systems:

- **Rotating Savings and Credit Associations (ROSCAs):** Groups of individuals who contribute to a common fund and take turns borrowing from it.
- **Borrowing from Family/Friends:** Lending money based on personal relationships without any formal contract.
- **Community Lending:** Small local money lenders or microfinance initiatives that operate in rural or underserved areas.

### 4. Key Differences Between Formal and Informal Financial Systems

Feature	Formal Financial System	Informal Financial System
<b>Regulation</b>	Governed by laws and regulations	No formal regulation
<b>Institutions</b>	Banks, stock exchanges, insurance companies, etc.	Family, friends, local lenders, community groups
<b>Access to Credit</b>	Based on creditworthiness and formal documentation	Based on trust, reputation, and social relationships
<b>Safety and Security</b>	High due to government oversight and insurance schemes	Low, relies on trust and personal relationships
<b>Costs</b>	Higher due to formal procedures, interest rates, and fees	Lower or absent (but may include social costs)

### 5. The Role of Informal Systems in Developing Economies

In many developing economies, informal financial systems play a crucial role, especially where formal financial infrastructure is limited. They provide access to credit for people who would otherwise be excluded from the formal financial system. These informal systems often fill gaps left by formal banks, offering smaller loans and more flexible repayment schedules.

#### Exercise (5 minutes)

1. Imagine you need to borrow \$1,000. Which system would you prefer (formal or informal), and why? What would be the advantages and disadvantages of choosing your preferred system?

**Conclusion:** In this session, we've explored the formal and informal financial systems, each of which plays a vital role in facilitating financial transactions. While the formal system provides safety, structure, and access to larger-scale finance, the informal system offers flexibility and accessibility, especially in underserved communities. Understanding the strengths and limitations of both systems is essential for navigating personal and business finance effectively.

#### Closure

1. Summarise the lesson learning outcomes and get affirmation from students on these.
2. Suggested readings: Book 1, Ch 1



	<ol style="list-style-type: none"><li>2. Home work: Why might someone choose to use an informal financial system despite the higher risks involved?</li><li>3. Spend 5 minutes to wrap up and consolidate the learning</li></ol>
<b>Evaluation</b>	<ol style="list-style-type: none"><li>1. Reflective questions: Consider someone living in a rural area with no access to a bank. How might they manage their finances in an informal financial system?</li><li>2. Allow students to answer questions and discuss.</li><li>3. Spend 5 minutes to evaluate student assimilation of the lesson contents.</li></ol>



<b>Lesson Plan 1.2</b>	<b>Course Name: Introduction to Financial Markets</b> <b>Topic: Components of Indian financial system</b>	<b>Course Code: BFSMJ-402</b>
<b>Objectives</b>	At the end of the lesson the student shall be able to: <ul style="list-style-type: none"><li>• Understand the components of financial system.</li><li>• Articulate the types of financial institutions and markets.</li></ul>	
<b>Teaching Aids (if any)</b>	<ul style="list-style-type: none"><li>• Use of ICT</li></ul>	
<b>Teaching Development</b>	<p>➤ <b>Introduction (10 minutes)</b></p> <p>To begin our discussion on the, let's start with a few questions to help us engage with the topic:</p> <ol style="list-style-type: none"><li>1. What do you understand by the term "financial system" in the context of a country like India?</li><li>2. Can you name some institutions or organizations that you think are part of India's financial system?</li><li>3. How do you think a country's financial system impacts its economy and individual citizens?</li></ol> <p>These questions will guide us into understanding the structure, roles, and significance of the various components that make up the Indian financial system.</p> <p>➤ <b>Development (30 minutes)</b></p> <p><b>What is the Indian Financial System?</b></p> <p>The Indian financial system refers to a network of institutions, markets, instruments, regulations, and policies that facilitate the flow of capital and resources in the economy. It enables the mobilization of savings and their channeling into productive investments. The system plays a crucial role in promoting economic development, supporting businesses, and managing the risks and returns of financial transactions.</p> <p>The Indian financial system can be broken down into several key components, each performing a unique function to support the financial ecosystem:</p> <p><b>1. Financial Institutions</b></p> <p>Financial institutions are organizations that provide financial services such as accepting deposits, lending funds, and providing investment opportunities. These include both formal and informal institutions.</p> <p><b>Key Types of Financial Institutions:</b></p> <ul style="list-style-type: none"><li>• <b>Commercial Banks:</b> These are the backbone of the financial system, providing savings accounts, loans, and other financial services. Examples include the State Bank of India (SBI), HDFC Bank, and ICICI Bank.</li></ul>	



- **Development Banks:** These banks are focused on the development of specific sectors such as agriculture, industry, and infrastructure. Notable examples include the Industrial Development Bank of India (IDBI) and National Bank for Agriculture and Rural Development (NABARD).
- **Cooperative Banks:** These operate on a cooperative basis and serve the needs of specific communities. They offer loans and deposits to members and support rural development.
- **Non-Banking Financial Companies (NBFCs):** These institutions provide financial services similar to banks but are not classified as banks. They focus on lending, investment, and asset management. Examples include Bajaj Finance and Mahindra Finance.
- **Insurance Companies:** These provide risk coverage and protection through life and non-life insurance policies. Major insurers include Life Insurance Corporation of India (LIC) and ICICI Prudential.
- **Mutual Funds:** Mutual funds pool money from investors to invest in stocks, bonds, and other securities. Examples include HDFC Mutual Fund and SBI Mutual Fund.

## 2. Financial Markets

Financial markets are platforms where buyers and sellers trade financial instruments such as stocks, bonds, and commodities. They are crucial for the liquidity of the financial system and the efficient allocation of capital.

### Key Types of Financial Markets:

- **Capital Market:** This market is for long-term investments and includes the **stock market** (equity market) and **debt market** (bond market). It helps businesses raise capital by issuing shares or bonds to investors.
  - Example: Bombay Stock Exchange (BSE) and National Stock Exchange (NSE) are two major stock exchanges.
- **Money Market:** This market deals with short-term borrowing and lending, typically for a period of one year or less. It helps in managing liquidity.
  - Instruments like Treasury Bills, Commercial Papers, and Certificate of Deposits are traded in the money market.
- **Forex Market:** The foreign exchange market involves the trading of currencies. It helps in determining exchange rates for international trade and investments.
  - Example: The Reserve Bank of India (RBI) plays a key role in managing the foreign exchange market.

## 3. Financial Instruments

Financial instruments are legal documents that represent a financial agreement. They can be categorized into:

### Key Types of Financial Instruments:

- **Equity Shares:** Represent ownership in a company and provide voting rights.
- **Bonds:** These are debt securities issued by governments or corporations, where the issuer promises to pay the principal along with interest.



- **Debentures:** These are also debt instruments, but unlike bonds, they are unsecured and carry a higher risk.
- **Mutual Fund Units:** Represent an investor's share in a mutual fund.
- **Derivatives:** Financial contracts that derive their value from underlying assets like stocks, bonds, or commodities. Examples include futures and options contracts.

#### 4. Financial Services

Financial services refer to a wide range of economic services provided by the finance industry. These services are crucial for managing the financial system's operations, risk management, and investment activities.

##### Key Types of Financial Services:

- **Banking Services:** Includes saving accounts, current accounts, loans, and mortgages.
- **Investment Banking:** Involves facilitating the raising of capital for companies and managing mergers and acquisitions.
- **Insurance Services:** Providing risk management solutions through life, health, and property insurance.
- **Asset Management:** Involves managing investments on behalf of clients, typically through mutual funds, pension funds, and hedge funds.
- **Brokerage Services:** Facilitate the buying and selling of financial securities like stocks and bonds.

#### 5. Regulatory Bodies

To ensure the stability and integrity of the financial system, regulatory bodies govern and supervise the activities of financial institutions, markets, and transactions.

##### Key Regulatory Bodies in India:

- **Reserve Bank of India (RBI):** The central bank of India, responsible for monetary policy, regulation of the banking sector, and maintaining the stability of the financial system.
- **Securities and Exchange Board of India (SEBI):** Regulates and monitors the securities market to ensure fairness and transparency in trading.
- **Insurance Regulatory and Development Authority of India (IRDAI):** Regulates the insurance sector to ensure policyholder protection and industry growth.
- **Pension Fund Regulatory and Development Authority (PFRDA):** Regulates the pension industry, particularly the National Pension Scheme (NPS).

#### 6. Financial Inclusion and Technology

In recent years, India has made significant strides in enhancing financial inclusion by bringing more people into the formal financial system through digital financial services and technology.



	<p><b>Key Components:</b></p> <ul style="list-style-type: none"><li>• <b>Digital Payment Systems:</b> Platforms like UPI (Unified Payments Interface), Paytm, and Google Pay have revolutionized payments in India, making financial services more accessible to the masses.</li><li>• <b>Microfinance:</b> Institutions like <b>Microfinance Institutions (MFIs)</b> help provide small loans to low-income individuals who may not have access to traditional banks.</li><li>• <b>Financial Literacy:</b> Programs and initiatives aim to educate people about financial products and services, increasing their participation in the financial system.</li></ul> <p>➤ <b>Exercise (5 minutes)</b></p> <p>Let's conclude with a few quick questions to test your understanding of the Indian financial system:</p> <ol style="list-style-type: none"><li>1. What role does the Reserve Bank of India (RBI) play in the financial system?</li><li>2. Can you name at least two financial instruments used by investors in the Indian financial markets?</li></ol> <p>Conclusion: The Indian financial system is a dynamic and interconnected set of components, each playing an essential role in the growth and stability of the economy. From financial institutions and markets to regulatory bodies and financial services, every element works in harmony to mobilize savings, provide credit, and drive economic development. Understanding these components is crucial for anyone looking to engage with or study the financial system in India.</p>
<b>Closure</b>	<ol style="list-style-type: none"><li>1. Summarise the lesson learning outcomes and get affirmation from students on these.</li><li>2. Suggested readings: Book 1, Ch. 1</li><li>3. Home work:<ul style="list-style-type: none"><li>• What is the difference between commercial banks and development banks in India?</li><li>• How does the money market differ from the capital market?</li></ul></li><li>3. Spend 5 minutes to wrap up and consolidate the learning</li></ol>
<b>Evaluation</b>	<ol style="list-style-type: none"><li>1. Reflective questions: What is financial inclusion, and why is it important for the Indian financial system?</li><li>2. Allow students to answer questions and discuss.</li><li>3. Spend 5 minutes to evaluate student assimilation of the lesson contents.</li></ol>



<b>Lesson Plan 1. 3</b>	<b>Course Name: Introduction to Financial Markets</b> <b>Topic: Characteristics of Indian financial system</b>	<b>Course Code: BFSMJ-402</b>
<b>Objectives</b>	At the end of the lesson the student shall be able to: <ul style="list-style-type: none"><li>• Define the characteristics of Indian financial system.</li><li>• Explain the role of Indian financial system.</li></ul>	
<b>Teaching Aids (if any)</b>	<ul style="list-style-type: none"><li>• Use of ICT</li></ul>	
<b>Teaching Development</b>	<p><b>Introduction (10 minutes)</b></p> <ul style="list-style-type: none"><li>• What comes to your mind when you hear the term "financial system"?</li><li>• Can you name some institutions that are part of the financial system in India?</li><li>• Why do you think the financial system is important for a country's development?</li></ul> <p><b>Development (30 minutes)</b></p> <p><b>Key Characteristics of the Indian Financial System:</b></p> <ol style="list-style-type: none"><li><b>1. Diverse Structure</b><ul style="list-style-type: none"><li>○ Comprises formal (banks, stock exchanges) and informal sectors (moneylenders, chit funds).</li><li>○ Includes financial institutions like the Reserve Bank of India (RBI), commercial banks, insurance companies, and non-banking financial companies (NBFCs).</li></ul></li><li><b>2. Regulatory Framework</b><ul style="list-style-type: none"><li>○ Governed by regulatory bodies such as RBI, SEBI (Securities and Exchange Board of India), IRDAI (Insurance Regulatory and Development Authority of India).</li><li>○ Ensures stability, transparency, and fair practices in financial markets.</li></ul></li><li><b>3. Mobilization of Savings</b><ul style="list-style-type: none"><li>○ Encourages savings through various instruments like bank deposits, mutual funds, and small savings schemes.</li><li>○ Directs savings towards productive investments.</li></ul></li><li><b>4. Economic Growth Facilitator</b><ul style="list-style-type: none"><li>○ Provides credit to industries, agriculture, and infrastructure projects.</li><li>○ Enables innovation, entrepreneurship, and job creation.</li></ul></li><li><b>5. Integration with Global Markets</b><ul style="list-style-type: none"><li>○ Liberalization has increased participation in international financial markets.</li><li>○ Facilitates foreign direct investment (FDI) and foreign portfolio investment (FPI).</li></ul></li><li><b>6. Technology-Driven Transformation</b><ul style="list-style-type: none"><li>○ Digital banking, fintech innovations, and unified payment interfaces (UPI) have made financial services more accessible and efficient.</li><li>○ Promotes financial inclusion by reaching underserved areas.</li></ul></li><li><b>7. Challenges and Resilience</b><ul style="list-style-type: none"><li>○ Issues like non-performing assets (NPAs), financial frauds, and limited access to credit in rural areas persist.</li></ul></li></ol>	



	<ul style="list-style-type: none"><li>○ Despite challenges, the system remains robust due to reforms and regulatory measures.</li></ul> <p>➤ <b>Exercise (5 minutes)</b></p> <ol style="list-style-type: none"><li>1. Name two regulatory bodies that oversee the Indian financial system.</li><li>2. What role does the financial system play in mobilizing savings?</li><li>3. Mention one way technology has transformed the Indian financial system.</li><li>4. Identify a challenge faced by the Indian financial system today.</li></ol>
<b>Closure</b>	<ol style="list-style-type: none"><li>1. Summarise the lesson learning outcomes and get affirmation from students on these.</li><li>2. Suggested readings: Book 1, Ch. 1</li><li>3. Home work: How does the financial system contribute to economic growth?</li><li>4. Spend 5 minutes to wrap up and consolidate the learning</li></ol>
<b>Evaluation</b>	<ol style="list-style-type: none"><li>1. Reflective questions: Discuss how a strong financial system is essential for personal financial well-being and national development?</li><li>2. Allow students to answer questions and discuss.</li><li>3. Spend 5 minutes to evaluate student assimilation of the lesson contents.</li></ol>



<b>Lesson Plan 1.4</b>	<b>Course Name: Introduction to Financial Markets</b> <b>Topic: Role and Functions of Indian Financial System</b>	<b>Course Code: BFSMJ-402</b>
<b>Objectives</b>	At the end of the lesson the student shall be able to: <ul style="list-style-type: none"><li>• Understand the role of Indian financial system.</li><li>• Explain the functions of Indian financial system.</li></ul>	
<b>Teaching Aids (if any)</b>	<ul style="list-style-type: none"><li>• Use of ICT</li></ul>	
<b>Teaching Development</b>	<p>➤ <b>Introduction (10 minutes)</b></p> <ul style="list-style-type: none"><li>• What is a financial system?</li><li>• Can you think of how banks, insurance companies, or stock markets affect our daily lives?</li><li>• Why is a well-functioning financial system important for a country?</li></ul> <p>➤ <b>Development (30 minutes)</b></p> <p><b>1. Role of the Indian Financial System</b></p> <ol style="list-style-type: none"><li><b>1. Mobilization of Savings</b><ul style="list-style-type: none"><li>○ Channels household and corporate savings into productive investments.</li><li>○ Promotes economic growth by pooling financial resources.</li></ul></li><li><b>2. Allocation of Resources</b><ul style="list-style-type: none"><li>○ Ensures funds are allocated efficiently to sectors where they can generate the highest returns.</li><li>○ Supports priority sectors like agriculture, infrastructure, and MSMEs (Micro, Small, and Medium Enterprises).</li></ul></li><li><b>3. Facilitation of Investments</b><ul style="list-style-type: none"><li>○ Encourages investment through instruments like shares, bonds, mutual funds, and bank deposits.</li><li>○ Boosts entrepreneurship and industrialization.</li></ul></li><li><b>4. Risk Management</b><ul style="list-style-type: none"><li>○ Offers mechanisms to mitigate risks through insurance, derivatives, and other hedging instruments.</li></ul></li><li><b>5. Economic Stability</b><ul style="list-style-type: none"><li>○ Regulates money supply, credit flow, and inflation to ensure stability.</li><li>○ Acts as a safeguard during economic crises or market volatility.</li></ul></li><li><b>6. Promotes Financial Inclusion</b><ul style="list-style-type: none"><li>○ Enhances access to financial services for all, including rural and underserved populations.</li><li>○ Initiatives like Pradhan Mantri Jan Dhan Yojana (PMJDY) and digital payments promote inclusivity.</li></ul></li><li><b>7. Supports Government Initiatives</b><ul style="list-style-type: none"><li>○ Enables funding for public projects through instruments like government bonds and securities.</li><li>○ Aids fiscal management and economic planning.</li></ul></li></ol>	



	<p><b>2. Functions of the Indian Financial System</b></p> <ol style="list-style-type: none"><li><b>1. Intermediation Function</b><ul style="list-style-type: none"><li>○ Acts as a bridge between savers and borrowers.</li><li>○ Facilitates the transfer of funds across individuals, businesses, and governments.</li></ul></li><li><b>2. Payment Function</b><ul style="list-style-type: none"><li>○ Provides systems for the settlement of financial transactions (e.g., UPI, NEFT, RTGS).</li><li>○ Ensures the smooth functioning of the economy by enabling quick and secure payments.</li></ul></li><li><b>3. Regulatory Function</b><ul style="list-style-type: none"><li>○ Ensures compliance with laws and regulations to maintain trust and transparency.</li><li>○ Protects consumers and promotes fair market practices.</li></ul></li><li><b>4. Liquidity Function</b><ul style="list-style-type: none"><li>○ Ensures that businesses and individuals can convert their assets into cash quickly when needed.</li><li>○ Supports trade and commerce by providing short-term funds.</li></ul></li><li><b>5. Wealth Management</b><ul style="list-style-type: none"><li>○ Offers avenues for individuals and businesses to manage and grow their wealth through investments.</li><li>○ Provides financial advisory services for better financial planning.</li></ul></li></ol> <p>➤ <b>Exercise (5 minutes)</b></p> <ol style="list-style-type: none"><li>1. What are the key roles played by the Indian financial system in economic development?</li><li>2. Name two ways the financial system promotes financial inclusion.</li><li>3. How does the financial system help in managing risks?</li><li>4. Mention one example of the intermediation function in the financial system.</li></ol> <p><b>Conclusion:</b></p> <ul style="list-style-type: none"><li>• Encourage students to connect the theoretical roles and functions of the financial</li></ul>
<p><b>Closure</b></p>	<ol style="list-style-type: none"><li>1. Summarise the lesson learning outcomes and get affirmation from students on these.</li><li>2. Suggested readings: Book 1, Ch. 1</li><li>3. Home work: What is the role of regulatory bodies in the Indian financial system?</li><li>4. Spend 5 minutes to wrap up and consolidate the learning</li></ol>
<p><b>Evaluation</b></p>	<ol style="list-style-type: none"><li>1. Reflective questions: Emphasize the significance of a strong financial system in fostering growth, stability, and inclusivity in the economy.</li><li>2. Allow students to answer questions and discuss.</li><li>3. Spend 5 minutes to evaluate student assimilation of the lesson contents.</li></ol>



<b>Lesson Plan 1.5</b>	<b>Course Name: Financial Institutions and Markets</b> <b>Topic: Nature and role of financial institutions and financial markets</b>	<b>Course Code: BCMMJ-603</b>
<b>Objectives</b>	At the end of the lesson the student shall be able to: <ul style="list-style-type: none"><li>• Understand the nature of financial institutions and markets.</li><li>• Articulate the role of financial institutions and markets.</li></ul>	
<b>Teaching Aids (if any)</b>	<ul style="list-style-type: none"><li>• Use of ICT</li></ul>	
<b>Teaching Development</b>	<ul style="list-style-type: none"><li>➤ <b>Introduction (10 minutes)</b><ul style="list-style-type: none"><li>• What are financial institutions, and how do they differ from financial markets?</li><li>• Can you name some examples of financial institutions in India?</li><li>• Why do you think financial markets are essential for the economy?</li></ul></li><li>➤ <b>Development (30 minutes)</b> <b>1. Nature of Financial Institutions</b><ol style="list-style-type: none"><li><b>1. Intermediary Role</b><ul style="list-style-type: none"><li>○ Financial institutions act as a bridge between savers and borrowers, mobilizing savings and allocating credit.</li></ul></li><li><b>2. Regulated Entities</b><ul style="list-style-type: none"><li>○ Governed by regulatory frameworks to ensure transparency, efficiency, and stability in their operations.</li></ul></li><li><b>3. Wide Variety</b><ul style="list-style-type: none"><li>○ Include banks, insurance companies, NBFCs, mutual funds, and pension funds, each serving different financial needs.</li></ul></li><li><b>4. Customer-Centric Approach</b><ul style="list-style-type: none"><li>○ Offer products and services like loans, insurance, and investment solutions tailored to individual and corporate needs.</li></ul></li></ol> <b>2. Role of Financial Institutions</b><ol style="list-style-type: none"><li><b>1. Credit Creation</b><ul style="list-style-type: none"><li>○ Banks and financial institutions create credit, which is crucial for investment and economic growth.</li></ul></li><li><b>2. Risk Management</b><ul style="list-style-type: none"><li>○ Provide insurance and hedging solutions to mitigate financial risks.</li></ul></li><li><b>3. Financial Inclusion</b><ul style="list-style-type: none"><li>○ Enhance access to financial services for underserved populations, promoting economic equity.</li></ul></li><li><b>4. Economic Stability</b><ul style="list-style-type: none"><li>○ Act as a buffer during economic fluctuations by providing liquidity and managing risks.</li></ul></li></ol> <b>3. Nature of Financial Markets</b></li></ul>	



	<ol style="list-style-type: none"><li>1. <b>Facilitation of Trade</b><ul style="list-style-type: none"><li>○ Platforms where buyers and sellers trade financial assets such as stocks, bonds, and derivatives.</li></ul></li><li>2. <b>Transparency and Regulation</b><ul style="list-style-type: none"><li>○ Ensure fair practices, pricing efficiency, and investor protection through regulatory oversight.</li></ul></li><li>3. <b>Dynamic and Volatile</b><ul style="list-style-type: none"><li>○ Prices of securities change based on market conditions, investor sentiment, and economic factors.</li></ul></li><li>4. <b>Segmented Structure</b><ul style="list-style-type: none"><li>○ Divided into money markets (short-term instruments) and capital markets (long-term instruments).</li></ul></li></ol> <p><b>4. Role of Financial Markets</b></p> <ol style="list-style-type: none"><li>1. <b>Resource Allocation</b><ul style="list-style-type: none"><li>○ Channel funds from surplus sectors (investors) to deficit sectors (businesses or governments).</li></ul></li><li>2. <b>Liquidity Creation</b><ul style="list-style-type: none"><li>○ Provide a mechanism for investors to convert assets into cash quickly.</li></ul></li><li>3. <b>Price Discovery</b><ul style="list-style-type: none"><li>○ Help determine the value of securities through market mechanisms.</li></ul></li><li>4. <b>Risk Management</b><ul style="list-style-type: none"><li>○ Enable hedging of risks through derivatives and other financial instruments.</li></ul></li><li>5. <b>Economic Indicator</b><ul style="list-style-type: none"><li>○ Reflect the overall health of the economy through indices and trading volumes.</li></ul></li></ol> <p>➤ <b>Exercise (5 minutes)</b></p> <p><b>Questions from the Topic:</b></p> <ol style="list-style-type: none"><li>1. Name two types of financial institutions and describe their roles.</li><li>2. What is the primary difference between financial institutions and financial markets?</li><li>3. How do financial markets contribute to economic growth?</li><li>4. Mention one-way financial institutions support financial inclusion.</li></ol>
<b>Closure</b>	<ol style="list-style-type: none"><li>1. Summarise the lesson learning outcomes and get affirmation from students on these.</li><li>2. Suggested readings: Book 1, Ch. 1</li><li>3. Home work: What is the significance of price discovery in financial markets?</li><li>4. Spend 5 minutes to wrap up and consolidate the learning</li></ol>
<b>Evaluation</b>	<ol style="list-style-type: none"><li>1. Reflective questions: Highlight the interdependence of financial institutions and markets in maintaining a robust financial system.</li><li>2. Allow students to answer questions and discuss.</li><li>3. Spend 5 minutes to evaluate student assimilation of the lesson contents.</li></ol>



<b>Lesson Plan 1.6</b>	<b>Course Name: Financial Institutions and Markets</b> <b>Topic: Nature and role of financial institutions and markets</b>	<b>Course Code: BCMMJ-603</b>
<b>Objectives</b>	At the end of the lesson the student shall be able to: <ul style="list-style-type: none"><li>• Understand the nature of financial institutions and markets.</li><li>• Articulate the role of financial institutions and markets.</li></ul>	
<b>Teaching Aids (if any)</b>	<ul style="list-style-type: none"><li>• Use of ICT</li></ul>	
<b>Teaching Development</b>	<p>➤ <b>Introduction (10 minutes)</b></p> <ul style="list-style-type: none"><li>• What are financial institutions, and how do they differ from financial markets?</li><li>• Can you name some examples of financial institutions in India?</li><li>• Why do you think financial markets are essential for the economy?</li></ul> <p>➤ <b>Development (30 minutes)</b></p> <p><b>1. Nature of Financial Institutions</b></p> <ol style="list-style-type: none"><li><b>1. Intermediary Role</b><ul style="list-style-type: none"><li>○ Financial institutions act as a bridge between savers and borrowers, mobilizing savings and allocating credit.</li></ul></li><li><b>2. Regulated Entities</b><ul style="list-style-type: none"><li>○ Governed by regulatory frameworks to ensure transparency, efficiency, and stability in their operations.</li></ul></li><li><b>3. Wide Variety</b><ul style="list-style-type: none"><li>○ Include banks, insurance companies, NBFCs, mutual funds, and pension funds, each serving different financial needs.</li></ul></li><li><b>4. Customer-Centric Approach</b><ul style="list-style-type: none"><li>○ Offer products and services like loans, insurance, and investment solutions tailored to individual and corporate needs.</li></ul></li></ol> <p><b>2. Role of Financial Institutions</b></p> <ol style="list-style-type: none"><li><b>1. Credit Creation</b><ul style="list-style-type: none"><li>○ Banks and financial institutions create credit, which is crucial for investment and economic growth.</li></ul></li><li><b>2. Risk Management</b><ul style="list-style-type: none"><li>○ Provide insurance and hedging solutions to mitigate financial risks.</li></ul></li><li><b>3. Financial Inclusion</b><ul style="list-style-type: none"><li>○ Enhance access to financial services for underserved populations, promoting economic equity.</li></ul></li><li><b>4. Economic Stability</b><ul style="list-style-type: none"><li>○ Act as a buffer during economic fluctuations by providing liquidity and managing risks.</li></ul></li></ol> <p><b>3. Nature of Financial Markets</b></p> <ol style="list-style-type: none"><li><b>1. Facilitation of Trade</b></li></ol>	



	<ul style="list-style-type: none"> <li>○ Platforms where buyers and sellers trade financial assets such as stocks, bonds, and derivatives.</li> </ul> <ol style="list-style-type: none"> <li>2. <b>Transparency and Regulation</b> <ul style="list-style-type: none"> <li>○ Ensure fair practices, pricing efficiency, and investor protection through regulatory oversight.</li> </ul> </li> <li>3. <b>Dynamic and Volatile</b> <ul style="list-style-type: none"> <li>○ Prices of securities change based on market conditions, investor sentiment, and economic factors.</li> </ul> </li> <li>4. <b>Segmented Structure</b> <ul style="list-style-type: none"> <li>○ Divided into money markets (short-term instruments) and capital markets (long-term instruments).</li> </ul> </li> </ol> <p><b>4. Role of Financial Markets</b></p> <ol style="list-style-type: none"> <li>1. <b>Resource Allocation</b> <ul style="list-style-type: none"> <li>○ Channel funds from surplus sectors (investors) to deficit sectors (businesses or governments).</li> </ul> </li> <li>2. <b>Liquidity Creation</b> <ul style="list-style-type: none"> <li>○ Provide a mechanism for investors to convert assets into cash quickly.</li> </ul> </li> <li>3. <b>Price Discovery</b> <ul style="list-style-type: none"> <li>○ Help determine the value of securities through market mechanisms.</li> </ul> </li> <li>4. <b>Risk Management</b> <ul style="list-style-type: none"> <li>○ Enable hedging of risks through derivatives and other financial instruments.</li> </ul> </li> <li>5. <b>Economic Indicator</b> <ul style="list-style-type: none"> <li>○ Reflect the overall health of the economy through indices and trading volumes.</li> </ul> </li> </ol> <p>➤ <b>Exercise (5 minutes)</b></p> <p><b>Questions from the Topic:</b></p> <ol style="list-style-type: none"> <li>1. Name two types of financial institutions and describe their roles.</li> <li>2. What is the primary difference between financial institutions and financial markets?</li> <li>3. How do financial markets contribute to economic growth?</li> </ol> <p>Mention one-way financial institutions support financial inclusion.</p>
<p><b>Closure</b></p>	<ol style="list-style-type: none"> <li>1. Summarise the lesson learning outcomes and get affirmation from students on these.</li> <li>2. Suggested readings: Book 1, Ch. 1</li> <li>3. Home work: What is the significance of price discovery in financial markets?</li> <li>4. Spend 5 minutes to wrap up and consolidate the learning</li> </ol>
<p><b>Evaluation</b></p>	<ol style="list-style-type: none"> <li>1. Reflective questions: Highlight the interdependence of financial institutions and markets in maintaining a robust financial system.</li> <li>2. Allow students to answer questions and discuss.</li> <li>3. Spend 5 minutes to evaluate student assimilation of the lesson contents.</li> </ol>



<b>Lesson Plan 1.7</b>	<b>Course Name: Financial Institutions and Markets</b> <b>Topic: Interaction among financial system components</b>	<b>Course Code: BCMMJ-603</b>
<b>Objectives</b>	At the end of the lesson the student shall be able to: <ul style="list-style-type: none"><li>• Understand the components of financial system.</li><li>• Elaborate the interaction among financial system components</li></ul>	
<b>Teaching Aids (if any)</b>	<ul style="list-style-type: none"><li>• Use of ICT</li></ul>	
<b>Teaching Development</b>	<p>➤ <b>Introduction (5 minutes)</b></p> <ul style="list-style-type: none"><li>• What are the primary components of the financial system?</li><li>• Can you think of an example where banks, financial markets, or regulators interact to enable a transaction?</li><li>• Why is coordination between different parts of the financial system essential for its success?</li></ul> <p><b>Development (30 minutes)</b></p> <p><b>1. Key Components of the Financial System</b></p> <ol style="list-style-type: none"><li><b>1. Financial Institutions</b><ul style="list-style-type: none"><li>○ Intermediaries like banks, NBFCs, and insurance companies that mobilize savings and provide credit.</li></ul></li><li><b>2. Financial Markets</b><ul style="list-style-type: none"><li>○ Platforms like stock exchanges and bond markets where financial assets are traded.</li></ul></li><li><b>3. Financial Instruments</b><ul style="list-style-type: none"><li>○ Tools like shares, bonds, derivatives, and mutual funds used for investment and risk management.</li></ul></li><li><b>4. Regulatory Bodies</b><ul style="list-style-type: none"><li>○ Authorities like RBI, SEBI, IRDAI, and PFRDA that oversee and ensure the stability and integrity of the system.</li></ul></li></ol> <p><b>2. Interaction Among Components</b></p> <p><b>a) Between Financial Institutions and Markets</b></p> <ul style="list-style-type: none"><li>• <b>Facilitating Capital Flow:</b> Banks and NBFCs invest in capital markets by purchasing bonds and equities.</li><li>• <b>Liquidity Support:</b> Financial institutions provide liquidity to markets during times of stress.</li><li>• <b>Market-Based Borrowing:</b> Companies raise funds directly through stock or bond markets instead of bank loans.</li></ul> <p><b>b) Between Institutions and Instruments</b></p> <ul style="list-style-type: none"><li>• <b>Product Offering:</b> Institutions create and distribute financial instruments like mutual funds, insurance policies, and fixed deposits.</li></ul>	



	<ul style="list-style-type: none"><li>• <b>Risk Diversification:</b> Instruments like derivatives are used by institutions to hedge risks.</li></ul> <p><b>c) Between Markets and Instruments</b></p> <ul style="list-style-type: none"><li>• <b>Trading and Pricing:</b> Financial markets act as platforms for trading instruments and determining their prices based on demand and supply.</li><li>• <b>Innovation:</b> Markets drive the development of new instruments, such as exchange-traded funds (ETFs) or green bonds.</li></ul> <p><b>d) Between Regulatory Bodies and the System</b></p> <ul style="list-style-type: none"><li>• <b>Oversight and Stability:</b> Regulatory bodies ensure institutions and markets operate transparently and efficiently.</li><li>• <b>Coordination:</b> Regulators collaborate to maintain economic stability (e.g., RBI managing monetary policy while SEBI regulates markets).</li></ul> <p><b>e) Global Interaction</b></p> <ul style="list-style-type: none"><li>• <b>Integration with Global Markets:</b> Foreign institutional investors (FIIs) and foreign portfolio investments (FPIs) link domestic markets with global markets.</li><li>• <b>Cross-Border Regulation:</b> Coordination among international regulatory bodies ensures compliance and stability in global transactions.</li></ul> <p>➤ <b>Exercise (5 minutes)</b></p> <ol style="list-style-type: none"><li>1. Name the main components of the financial system.</li><li>2. Give an example of how financial institutions interact with financial markets.</li><li>3. What role do regulatory bodies play in the financial system?</li><li>4. How do financial instruments help in risk management?</li></ol>
<b>Closure</b>	<ol style="list-style-type: none"><li>1. Summarise the lesson learning outcomes and get affirmation from students on these.</li><li>2. Suggested readings: Book 1, Ch. 1</li><li>3. Home work: Why is the interaction among financial system components critical for economic stability?</li><li>4. Spend 5 minutes to wrap up and consolidate the learning</li></ol>
<b>Evaluation</b>	<ol style="list-style-type: none"><li>1. Reflective questions: Summarize the interdependence and coordination among financial institutions, markets, instruments, and regulators</li><li>2. Allow students to answer questions and discuss.</li><li>3. Spend 5 minutes to evaluate student assimilation of the lesson contents.</li></ol>



<b>Lesson Plan 1.8</b>	<b>Course Name: Financial Institutions and Markets</b> <b>Topic: Various Classifications of Financial Markets</b>	<b>Course Code: BCMMJ-603</b>
<b>Objectives</b>	At the end of the lesson the student shall be able to: <ul style="list-style-type: none"><li>• Understand the various classifications of financial markets.</li><li>• Differentiate between primary market and secondary market.</li></ul>	
<b>Teaching Aids (if any)</b>	<ul style="list-style-type: none"><li>• Use of ICT</li></ul>	
<b>Teaching Development</b>	<p>➤ <b>Introduction (5 minutes)</b></p> <ul style="list-style-type: none"><li>• What do you understand by the term "financial market"?</li><li>• Can you name some examples of financial markets you have heard of?</li><li>• Why do you think financial markets are classified into different types?</li></ul> <p>➤ <b>Development (30 minutes)</b></p> <p><b>1. Classifications of Financial Markets</b></p> <p><b>a) Based on Nature of Claim</b></p> <ol style="list-style-type: none"><li><b>1. Debt Market</b><ul style="list-style-type: none"><li>○ Trades debt instruments like bonds, debentures, and Treasury bills.</li><li>○ Offers fixed income to investors.</li></ul></li><li><b>2. Equity Market</b><ul style="list-style-type: none"><li>○ Trades ownership instruments like shares.</li><li>○ Investors earn returns through dividends and capital appreciation.</li></ul></li></ol> <p><b>b) Based on Maturity of Instruments</b></p> <ol style="list-style-type: none"><li><b>1. Money Market</b><ul style="list-style-type: none"><li>○ Deals with short-term instruments with maturities of up to one year (e.g., commercial papers, certificates of deposit).</li><li>○ Ensures liquidity and short-term funding for businesses and governments.</li></ul></li><li><b>2. Capital Market</b><ul style="list-style-type: none"><li>○ Deals with long-term instruments like stocks and bonds.</li><li>○ Provides funding for long-term investments and infrastructure projects.</li></ul></li></ol> <p><b>c) Based on Trading Mechanism</b></p> <ol style="list-style-type: none"><li><b>1. Primary Market</b><ul style="list-style-type: none"><li>○ Where new securities are issued for the first time (e.g., Initial Public Offerings or IPOs).</li><li>○ Enables companies to raise fresh capital.</li></ul></li><li><b>2. Secondary Market</b><ul style="list-style-type: none"><li>○ Where previously issued securities are traded (e.g., stock exchanges like NSE or BSE).</li></ul></li></ol>	



	<ul style="list-style-type: none"><li>○ Provides liquidity and a platform for investors to buy or sell existing securities.</li></ul> <p><b>d) Based on Organizational Structure</b></p> <ol style="list-style-type: none"><li>1. <b>Exchange-Traded Market</b><ul style="list-style-type: none"><li>○ Organized markets like stock exchanges that provide transparent and regulated trading platforms.</li><li>○ Examples: National Stock Exchange (NSE), Bombay Stock Exchange (BSE).</li></ul></li><li>2. <b>Over-the-Counter (OTC) Market</b><ul style="list-style-type: none"><li>○ Decentralized markets where trading occurs directly between two parties.</li><li>○ Common for derivatives, bonds, and forex.</li></ul></li></ol> <p><b>e) Based on Geographical Boundaries</b></p> <ol style="list-style-type: none"><li>1. <b>Domestic Market</b><ul style="list-style-type: none"><li>○ Deals with securities issued and traded within the boundaries of a country.</li></ul></li><li>2. <b>International Market</b><ul style="list-style-type: none"><li>○ Involves trading of securities across borders, including Eurobonds and global stocks.</li></ul></li></ol> <p><b>f) Based on Purpose</b></p> <ol style="list-style-type: none"><li>1. <b>Spot Market</b><ul style="list-style-type: none"><li>○ Transactions are settled immediately or within a short period (e.g., cash markets).</li></ul></li><li>2. <b>Derivatives Market</b><ul style="list-style-type: none"><li>○ Trades contracts like futures and options, where settlement is based on the underlying asset's value.</li></ul></li></ol> <p>➤ <b>Exercise (5 minutes)</b></p> <ol style="list-style-type: none"><li>1. What is the primary difference between the primary market and the secondary market?</li><li>2. Name two examples of short-term instruments traded in the money market.</li><li>3. How do exchange-traded markets differ from over-the-counter markets?</li><li>4. What kind of instruments are traded in the derivatives market?</li></ol>
<b>Closure</b>	<ol style="list-style-type: none"><li>1. Summarise the lesson learning outcomes and get affirmation from students on these.</li><li>2. Suggested readings: Book 1, Ch. 1</li><li>3. Home work: Why is the classification of financial markets important?</li><li>4. Spend 5 minutes to wrap up and consolidate the learning</li></ol>
<b>Evaluation</b>	<ol style="list-style-type: none"><li>1. Reflective questions: Highlight the importance of these markets in providing liquidity, enabling investments, and supporting economic growth</li><li>2. Allow students to answer questions and discuss.</li><li>3. Spend 5 minutes to evaluate student assimilation of the lesson contents.</li></ol>



<b>Lesson Plan 1.9</b>	<b>Course Name: Financial Institutions and Markets</b> <b>Topic: Financial market players</b>	<b>Course Code: BCMMJ-603</b>
<b>Objectives</b>	At the end of the lesson the student shall be able to: <ul style="list-style-type: none"><li>• Understand the key players in financial market.</li><li>• Articulate the role of key players of the financial market.</li></ul>	
<b>Teaching Aids (if any)</b>	<ul style="list-style-type: none"><li>• Use of ICT</li></ul>	
<b>Teaching Development</b>	<p>➤ <b>Introduction (5 minutes)</b></p> <p>Who do you think participates in financial markets?</p> <ul style="list-style-type: none"><li>• Can you name a few entities or individuals that influence or operate in the financial markets?</li><li>• Why is understanding the roles of market players important for the functioning of financial markets?</li></ul> <p>➤ <b>Development (30 minutes)</b></p> <p><b>1. Key Players in Financial Markets</b></p> <p><b>a) Individual Investors</b></p> <ul style="list-style-type: none"><li>• Retail investors who buy or sell securities for personal financial goals.</li><li>• Often participate in markets through mutual funds, shares, or bonds.</li><li>• Represent a significant portion of market activity, especially in equity markets.</li></ul> <p><b>b) Institutional Investors</b></p> <ol style="list-style-type: none"><li><b>1. Mutual Funds</b><ul style="list-style-type: none"><li>○ Pool resources from multiple investors to invest in diversified portfolios.</li><li>○ Managed by professional fund managers to maximize returns.</li></ul></li><li><b>2. Pension Funds</b><ul style="list-style-type: none"><li>○ Manage retirement savings by investing in long-term assets.</li><li>○ Provide a stable source of funds in capital markets.</li></ul></li><li><b>3. Insurance Companies</b><ul style="list-style-type: none"><li>○ Invest premiums collected from policyholders into bonds, stocks, and other securities.</li><li>○ Focus on long-term returns to meet insurance payouts.</li></ul></li><li><b>4. Banks and Financial Institutions</b><ul style="list-style-type: none"><li>○ Provide liquidity, credit, and financial intermediation.</li><li>○ Participate in debt markets by buying or issuing bonds.</li></ul></li></ol> <p><b>c) Corporate Entities</b></p> <ul style="list-style-type: none"><li>• Companies that issue stocks and bonds to raise capital for expansion.</li></ul>	



- Participate in primary and secondary markets.

#### **d) Market Intermediaries**

##### **1. Stockbrokers and Dealers**

- Facilitate buying and selling of securities on behalf of investors.
- Act as a link between retail or institutional investors and exchanges.

##### **2. Underwriters**

- Assist companies in issuing securities in the primary market.
- Bear the risk of buying unsold shares during public offerings.

##### **3. Depositories and Custodians**

- Safeguard securities and ensure their smooth transfer during transactions.
- Examples: NSDL (National Securities Depository Limited), CDSL (Central Depository Services Limited).

#### **e) Regulators**

##### **1. Securities and Exchange Board of India (SEBI)**

- Oversees and regulates stock and securities markets.
- Ensures transparency, fair practices, and investor protection.

##### **2. Reserve Bank of India (RBI)**

- Regulates money markets, banks, and forex markets.
- Implements monetary policy to ensure financial stability.

##### **3. Other Regulatory Bodies**

- IRDAI (Insurance Regulatory and Development Authority of India) for insurance markets.
- PFRDA (Pension Fund Regulatory and Development Authority) for pension funds.

#### **f) Foreign Players**

##### **1. Foreign Institutional Investors (FIIs)**

- Invest in domestic markets to diversify their portfolios.
- Bring foreign capital into equity and debt markets.

##### **2. Foreign Direct Investors (FDIs)**

- Invest in physical assets like infrastructure, real estate, or manufacturing.

#### **g) Speculators and Arbitrageurs**

##### **1. Speculators**

- Trade securities to earn short-term profits based on price fluctuations.
- Add liquidity to the market but also increase volatility.

##### **2. Arbitrageurs**

- Exploit price differences in different markets or securities to earn risk-free profits.
- Help in price equalization across markets.

#### **➤ Exercise (5 minutes)**



	<ol style="list-style-type: none"><li>1. Who are institutional investors, and how do they differ from individual investors?</li><li>2. Name two key roles played by market intermediaries.</li><li>3. What is the primary function of SEBI in financial markets?</li><li>4. How do foreign institutional investors impact domestic financial markets?</li><li>5. Differentiate between speculators and arbitrageurs in financial markets.</li></ol>
<b>Closure</b>	<ol style="list-style-type: none"><li>1. Summarise the lesson learning outcomes and get affirmation from students on these.</li><li>2. Suggested readings: Book 1, Ch. 1</li><li>3. Home work: Highlight how the collective actions of these players contribute to liquidity, price discovery, and economic growth?</li><li>4. Spend 5 minutes to wrap up and consolidate the learning</li></ol>
<b>Evaluation</b>	<ol style="list-style-type: none"><li>1. Reflective questions: Emphasize the diverse roles of players in ensuring the efficient functioning of financial market.</li><li>2. Allow students to answer questions and discuss.</li><li>3. Spend 5 minutes to evaluate student assimilation of the lesson contents.</li></ol>



<b>Lesson Plan 1.10</b>	<b>Course Name: Financial Institutions and Markets</b> <b>Topic: Financial Market Players</b>	<b>Course Code: BCMMJ-603</b>
<b>Objectives</b>	At the end of the lesson the student shall be able to: <ul style="list-style-type: none"><li>• Understand the key players in financial market.</li><li>• Articulate the role of key players of the financial market.</li></ul>	
<b>Teaching Aids (if any)</b>	<ul style="list-style-type: none"><li>• Use of ICT</li></ul>	
<b>Teaching Development</b>	<p>➤ <b>Introduction (5 minutes)</b></p> <p>Who do you think participates in financial markets?</p> <ul style="list-style-type: none"><li>• Can you name a few entities or individuals that influence or operate in the financial markets?</li><li>• Why is understanding the roles of market players important for the functioning of financial markets?</li></ul> <p>➤ <b>Development (30 minutes)</b></p> <p><b>1. Key Players in Financial Markets</b></p> <p><b>a) Individual Investors</b></p> <ul style="list-style-type: none"><li>• Retail investors who buy or sell securities for personal financial goals.</li><li>• Often participate in markets through mutual funds, shares, or bonds.</li><li>• Represent a significant portion of market activity, especially in equity markets.</li></ul> <p><b>b) Institutional Investors</b></p> <ol style="list-style-type: none"><li><b>1. Mutual Funds</b><ul style="list-style-type: none"><li>○ Pool resources from multiple investors to invest in diversified portfolios.</li><li>○ Managed by professional fund managers to maximize returns.</li></ul></li><li><b>2. Pension Funds</b><ul style="list-style-type: none"><li>○ Manage retirement savings by investing in long-term assets.</li><li>○ Provide a stable source of funds in capital markets.</li></ul></li><li><b>3. Insurance Companies</b><ul style="list-style-type: none"><li>○ Invest premiums collected from policyholders into bonds, stocks, and other securities.</li><li>○ Focus on long-term returns to meet insurance payouts.</li></ul></li><li><b>4. Banks and Financial Institutions</b><ul style="list-style-type: none"><li>○ Provide liquidity, credit, and financial intermediation.</li><li>○ Participate in debt markets by buying or issuing bonds.</li></ul></li></ol> <p><b>c) Corporate Entities</b></p> <ul style="list-style-type: none"><li>• Companies that issue stocks and bonds to raise capital for expansion.</li></ul>	



- Participate in primary and secondary markets.

#### **d) Market Intermediaries**

##### **1. Stockbrokers and Dealers**

- Facilitate buying and selling of securities on behalf of investors.
- Act as a link between retail or institutional investors and exchanges.

##### **2. Underwriters**

- Assist companies in issuing securities in the primary market.
- Bear the risk of buying unsold shares during public offerings.

##### **3. Depositories and Custodians**

- Safeguard securities and ensure their smooth transfer during transactions.
- Examples: NSDL (National Securities Depository Limited), CDSL (Central Depository Services Limited).

#### **e) Regulators**

##### **1. Securities and Exchange Board of India (SEBI)**

- Oversees and regulates stock and securities markets.
- Ensures transparency, fair practices, and investor protection.

##### **2. Reserve Bank of India (RBI)**

- Regulates money markets, banks, and forex markets.
- Implements monetary policy to ensure financial stability.

##### **3. Other Regulatory Bodies**

- IRDAI (Insurance Regulatory and Development Authority of India) for insurance markets.
- PFRDA (Pension Fund Regulatory and Development Authority) for pension funds.

#### **f) Foreign Players**

##### **1. Foreign Institutional Investors (FIIs)**

- Invest in domestic markets to diversify their portfolios.
- Bring foreign capital into equity and debt markets.

##### **2. Foreign Direct Investors (FDIs)**

- Invest in physical assets like infrastructure, real estate, or manufacturing.

#### **g) Speculators and Arbitrageurs**

##### **1. Speculators**

- Trade securities to earn short-term profits based on price fluctuations.
- Add liquidity to the market but also increase volatility.

##### **2. Arbitrageurs**

- Exploit price differences in different markets or securities to earn risk-free profits.
- Help in price equalization across markets.

#### **➤ Exercise (5 minutes)**



	<ol style="list-style-type: none"><li>1. Who are institutional investors, and how do they differ from individual investors?</li><li>2. Name two key roles played by market intermediaries.</li><li>3. What is the primary function of SEBI in financial markets?</li><li>4. How do foreign institutional investors impact domestic financial markets?</li></ol> <p>Differentiate between speculators and arbitrageurs in financial markets.</p>
<b>Closure</b>	<ol style="list-style-type: none"><li>1. Summarise the lesson learning outcomes and get affirmation from students on these.</li><li>2. Suggested readings: Book 1, Ch. 1</li><li>3. Home work: Highlight how the collective actions of these players contribute to liquidity, price discovery, and economic growth?</li><li>4. Spend 5 minutes to wrap up and consolidate the learning</li></ol>
<b>Evaluation</b>	<ol style="list-style-type: none"><li>1. Reflective questions: Emphasize the diverse roles of players in ensuring the efficient functioning of financial market.</li><li>2. Allow students to answer questions and discuss.</li><li>3. Spend 5 minutes to evaluate student assimilation of the lesson contents.</li></ol>



<b>Lesson Plan 2.1</b>	<b>Course Name: Financial Institutions and Markets</b> <b>Topic: Functions of Money Market</b>	<b>Course Code: BCMMJ-603</b>
<b>Objectives</b>	At the end of the lesson the student shall be able to: <ul style="list-style-type: none"><li>• Understand the money market</li><li>• Explain the relevance of money market in the economy</li></ul>	
<b>Teaching Aids (if any)</b>	➤ Use of ICT	
<b>Teaching Development</b>	<p>➤ <b>Introduction (5 minutes)</b></p> <ul style="list-style-type: none"><li>• What do you understand by the term "money market"?</li><li>• Can you name some short-term instruments traded in the money market?</li><li>• Why do you think the money market is essential for the economy?</li></ul> <p>➤ <b>Development (30 minutes)</b></p> <p><b>1. Overview of the Money Market</b></p> <ul style="list-style-type: none"><li>• <b>Definition:</b> A market for short-term financial instruments like Treasury bills, commercial papers, certificates of deposit, and call money.</li><li>• <b>Participants:</b> Includes banks, financial institutions, corporates, governments, and individuals.</li><li>• <b>Instruments:</b> Typically, low-risk and highly liquid, ensuring quick access to funds.</li></ul> <hr/> <p><b>2. Key Functions of the Money Market</b></p> <p><b>a) Liquidity Management</b></p> <ul style="list-style-type: none"><li>• Provides a platform for managing short-term funds for businesses, banks, and governments.</li><li>• Ensures liquidity in the economy by enabling quick borrowing and lending.</li></ul> <p><b>b) Facilitates Monetary Policy Implementation</b></p> <ul style="list-style-type: none"><li>• The Reserve Bank of India (RBI) uses money market operations to regulate money supply, control inflation, and stabilize interest rates.</li><li>• Instruments like repo rates and reverse repo rates are used to manage liquidity.</li></ul> <p><b>c) Promotes Financial Stability</b></p> <ul style="list-style-type: none"><li>• Helps institutions manage their short-term deficits and surpluses, reducing financial stress.</li><li>• Ensures smooth functioning of the financial system by maintaining liquidity.</li></ul>	



	<p><b>d) Encourages Savings and Investment</b></p> <ul style="list-style-type: none"><li>• Offers low-risk investment options for individuals and institutions.</li><li>• Channels surplus funds into productive uses, promoting economic growth.</li></ul> <p><b>e) Aids in Price Discovery</b></p> <ul style="list-style-type: none"><li>• The money market helps determine interest rates based on demand and supply of short-term funds.</li><li>• Acts as a benchmark for other financial markets.</li></ul> <p><b>f) Facilitates International Trade and Payments</b></p> <ul style="list-style-type: none"><li>• Instruments like bills of exchange and foreign exchange swaps support cross-border trade.</li><li>• Enables businesses to manage foreign currency needs effectively.</li></ul> <p><b>g) Bridging Financial Gaps</b></p> <ul style="list-style-type: none"><li>• Serves as a link between borrowers and lenders with short-term financial needs.</li><li>• Provides a temporary source of funds for governments and businesses.</li></ul> <p><b>h) Reduces Idle Cash</b></p> <ul style="list-style-type: none"><li>• Encourages institutions and individuals to invest surplus funds in short-term instruments, minimizing idle cash.</li></ul> <p><b>3. Importance of Money Market in Economic Development</b></p> <ul style="list-style-type: none"><li>• <b>Efficient Allocation of Resources:</b> Directs funds to sectors with immediate financial requirements.</li><li>• <b>Support for Government Policies:</b> Facilitates short-term funding for government projects and programs.</li><li>• <b>Stability in Banking Sector:</b> Enables banks to maintain cash reserve ratios and statutory liquidity ratios.</li></ul> <p><b>Exercise (5 minutes)</b></p> <ol style="list-style-type: none"><li>1. What is the primary role of the money market in liquidity management?</li><li>2. How does the RBI use the money market to implement monetary policy?</li><li>3. Name two short-term instruments traded in the money market.</li><li>4. Why is the money market considered low-risk?</li></ol>
<p><b>Closure</b></p>	<ol style="list-style-type: none"><li>1. Summarise the lesson learning outcomes and get affirmation from students on these.</li><li>2. Suggested readings: Book 1, Ch 4</li><li>3. Home work: How does the money market contribute to financial stability?</li><li>4. Spend 5 minutes to wrap up and consolidate the learning</li></ol>



<b>Evaluation</b>	
	<ol style="list-style-type: none"><li>1. Reflective questions: Reiterate the importance of the money market in managing short-term funds, maintaining liquidity, and supporting economic growth.</li><li>2. Allow students to answer questions and discuss.</li><li>3. Spend 5 minutes to evaluate student assimilation of the lesson contents.</li></ol>



<b>Lesson Plan 2.2</b>	<b>Course Name: Financial Institutions and Markets</b> <b>Topic: Participants of Money Market</b>	<b>Course Code: BCMMJ-603</b>
<b>Objectives</b>	At the end of the lesson the student shall be able to: <ul style="list-style-type: none"><li>• Understand the different participants of money market.</li><li>• Explain the importance of money market.</li></ul>	
<b>Teaching Aids (if any)</b>	<ul style="list-style-type: none"><li>• Use of ICT</li></ul>	
<b>Teaching Development</b>	<p>➤ <b>Introduction (5 minutes)</b></p> <ul style="list-style-type: none"><li>• Who do you think participates in the money market?</li><li>• Can you name some institutions or entities that deal in short-term financial instruments?</li><li>• Why is it important to have multiple participants in the money market?</li></ul> <p>➤ <b>Development (30 minutes)</b></p> <p><b>1. Key Participants of the Money Market</b></p> <p><b>a) Central Bank (RBI)</b></p> <ul style="list-style-type: none"><li>• <b>Role:</b><ul style="list-style-type: none"><li>○ Regulates the money market.</li><li>○ Implements monetary policy using tools like repo rate, reverse repo rate, and cash reserve ratio.</li><li>○ Provides short-term funds to banks and financial institutions.</li></ul></li></ul> <p><b>b) Commercial Banks</b></p> <ul style="list-style-type: none"><li>• <b>Role:</b><ul style="list-style-type: none"><li>○ Major borrowers and lenders in the money market.</li><li>○ Invest in instruments like Treasury bills, call money, and certificates of deposit.</li><li>○ Manage short-term liquidity requirements.</li></ul></li></ul> <p><b>c) Non-Banking Financial Companies (NBFCs)</b></p> <ul style="list-style-type: none"><li>• <b>Role:</b><ul style="list-style-type: none"><li>○ Borrow and lend funds in the money market to finance their operations.</li><li>○ Invest in commercial papers and other short-term instruments.</li></ul></li></ul> <p><b>d) Government</b></p> <ul style="list-style-type: none"><li>• <b>Role:</b><ul style="list-style-type: none"><li>○ Raises short-term funds through instruments like Treasury bills.</li><li>○ Uses the money market to manage fiscal deficits and cash flow needs.</li></ul></li></ul>	



### e) Corporates

- **Role:**
  - Issue commercial papers to meet working capital requirements.
  - Invest surplus funds in money market instruments for short-term returns.

### f) Mutual Funds

- **Role:**
  - Pool funds from retail and institutional investors.
  - Invest in short-term instruments like Treasury bills and money market mutual funds to provide liquidity and returns.

### g) Insurance Companies and Pension Funds

- **Role:**
  - Invest surplus funds in safe and liquid money market instruments.
  - Use the money market to manage cash flow and meet policyholder obligations.

### h) Dealers and Brokers

- **Role:**
  - Facilitate transactions between buyers and sellers of money market instruments.
  - Ensure liquidity and efficient price discovery.

### i) Foreign Institutional Investors (FIIs)

- **Role:**
  - Participate in money market instruments, especially in government securities.
  - Contribute to the inflow of foreign capital and liquidity.

### j) Regulators

- **Role:**
  - RBI: Regulates monetary policy and ensures the stability of the money market.
  - SEBI: Oversees mutual funds and other market intermediaries.
  - Ministry of Finance: Manages government borrowings and fiscal policies.

## 2. Importance of Diverse Participation

- **Ensures Liquidity:** Diverse participants ensure a steady flow of funds.
- **Efficient Price Discovery:** Competition among participants leads to fair pricing of instruments.
- **Risk Distribution:** Spreads risk across various entities, ensuring market stability.



	<ul style="list-style-type: none"><li>• <b>Support for Monetary Policy:</b> Participants help implement monetary policy measures effectively.</li></ul> <p>➤ <b>Exercise (5 minutes)</b></p> <p><b>Questions from the Topic:</b></p> <ol style="list-style-type: none"><li>1. Name two roles of the RBI in the money market.</li><li>2. How do commercial banks participate in the money market?</li><li>3. What is the primary reason corporates issue commercial papers?</li></ol>
<b>Closure</b>	<ol style="list-style-type: none"><li>1. Summarise the lesson learning outcomes and get affirmation from students on these.</li><li>2. Suggested readings: Book 2, Ch. 5</li><li>3. Home work: Why do mutual funds invest in money market instruments?</li><li>4. Spend 5 minutes to wrap up and consolidate the learning</li></ol>
<b>Evaluation</b>	<ol style="list-style-type: none"><li>1. Reflective questions: Who are the key regulators of the money market in India?</li><li>2. Allow students to answer questions and discuss.</li><li>3. Spend 5 minutes to evaluate student assimilation of the lesson contents.</li></ol>



<b>Lesson Plan 2.3</b>	<b>Course Name: Financial Institutions and Markets</b> <b>Topic: Interbank call/notice money market, Inter-Bank term deposit market</b>	<b>Course Code: BCMMJ-603</b>
<b>Objectives</b>	At the end of the lesson the student shall be able to: <ul style="list-style-type: none"><li>• Understand the concept of call/notice money</li><li>• Articulate the inter-bank term deposit market</li></ul>	
<b>Teaching Aids (if any)</b>	<ul style="list-style-type: none"><li>• Use of ICT</li></ul>	
<b>Teaching Development</b>	<p>➤ <b>Introduction (5 minutes)</b></p> <ul style="list-style-type: none"><li>• Have you heard about call money or notice money in financial markets?</li><li>• Why do you think banks might need to borrow or lend funds for very short durations?</li><li>• What role does the interbank market play in the overall functioning of the banking system?</li></ul> <p>➤ <b>Development (30 minutes)</b></p> <p><b>1. Interbank Call/Notice Money Market</b></p> <p><b>a) Definition:</b></p> <ul style="list-style-type: none"><li>• The call money market deals with borrowing and lending for one day.</li><li>• The notice money market involves borrowing and lending for up to 14 days.</li></ul> <p><b>b) Features:</b></p> <ul style="list-style-type: none"><li>• Transactions are unsecured, meaning no collateral is required.</li><li>• Mainly used by banks to meet daily liquidity requirements or maintain statutory liquidity ratios (SLR) and cash reserve ratios (CRR).</li><li>• Interest rates fluctuate based on demand and supply of funds and are known as call rates or notice rates.</li></ul> <p><b>c) Participants:</b></p> <ul style="list-style-type: none"><li>• Banks (both public and private sector).</li><li>• Primary dealers.</li></ul> <p><b>d) Importance:</b></p> <ul style="list-style-type: none"><li>• Provides short-term liquidity to banks.</li><li>• Helps in maintaining smooth functioning of the banking system.</li><li>• Acts as a tool for implementing monetary policy, with the RBI influencing call rates.</li></ul>	



## 2. Inter-Bank Term Deposit Market

### a) Definition:

- A market where banks place fixed deposits with other banks for durations exceeding 14 days.

### b) Features:

- Fixed deposits are not tradable, meaning they cannot be bought or sold in secondary markets.
- Interest rates are negotiated between the banks involved.
- Used by banks to park surplus funds or manage medium-term liquidity needs.

### c) Participants:

- Banks only; no other financial institutions are allowed.

### d) Importance:

- Helps banks manage surplus funds effectively.
- Provides a relatively stable source of funding compared to the call/notice money market.
- Facilitates better financial planning within the banking system.

## 3. Comparison of Call/Notice Money Market and Inter-Bank Term Deposit Market

Aspect	Call/Notice Money Market	Inter-Bank Term Deposit Market
<b>Purpose</b>	Short-term liquidity management	Medium-term liquidity management
<b>Duration</b>	1 to 14 days	More than 14 days
<b>Collateral Requirement</b>	Unsecured	Unsecured
<b>Tradability</b>	Non-tradable	Non-tradable
<b>Interest Rate</b>	Market-driven	Negotiated between banks

## 4. Role in Economic Stability

- Ensures liquidity among banks, preventing financial distress.
- Helps implement monetary policies through control over interest rates.
- Encourages efficient utilization of surplus funds within the banking system.

### ➤ Exercise (5 minutes)

1. What is the difference between call money and notice money?
2. Why are transactions in the call/notice money market unsecured?



	<ol style="list-style-type: none"><li>3. Who are the key participants in the interbank call/notice money market?</li></ol>
<b>Closure</b>	<ol style="list-style-type: none"><li>1. Summarise the lesson learning outcomes and get affirmation from students on these.</li><li>2. Suggested readings: Book 1, Ch 4</li><li>3. Home work: What is the typical duration for interbank term deposits?</li><li>4. Spend 5 minutes to wrap up and consolidate the learning</li></ol>
<b>Evaluation</b>	<ol style="list-style-type: none"><li>1. Reflective questions: How does the RBI influence call money market rates?</li><li>2. Allow students to answer questions and discuss.</li><li>3. Spend 5 minutes to evaluate student assimilation of the lesson contents.</li></ol>



<b>Lesson Plan 2.4</b>	<b>Course Name: Financial Institutions and Markets</b> <b>Topic: Bill market: The Treasury bill</b>	<b>Course Code: BCMMJ-603</b>
<b>Objectives</b>	At the end of the lesson the student shall be able to: <ul style="list-style-type: none"><li>• Understand the concept of treasury bills.</li><li>• Articulate the concept of short-term securities.</li></ul>	
<b>Teaching Aids (if any)</b>	<ul style="list-style-type: none"><li>• Use of ICT</li></ul>	
<b>Teaching Development</b>	<p>➤ <b>Introduction (5 minutes)</b></p> <ul style="list-style-type: none"><li>• Have you heard about Treasury Bills (T-bills)?</li><li>• Why do you think governments issue short-term securities?</li><li>• What makes Treasury Bills a safe investment option?</li></ul> <p>➤ <b>Development (30 minutes)</b></p> <p><b>1. Understanding Treasury Bills (T-bills)</b></p> <p><b>a) Definition:</b></p> <ul style="list-style-type: none"><li>• Treasury Bills are short-term debt instruments issued by the government with maturities of less than one year.</li><li>• They are zero-coupon instruments, meaning they are issued at a discount and redeemed at face value.</li></ul> <p><b>b) Types of T-bills in India:</b></p> <ul style="list-style-type: none"><li>• 91-day T-bills</li><li>• 182-day T-bills</li><li>• 364-day T-bills</li></ul> <p><b>c) Features:</b></p> <ul style="list-style-type: none"><li>• <b>Issued by:</b> Government of India through RBI.</li><li>• <b>Maturity Periods:</b> Less than one year.</li><li>• <b>Denomination:</b> Minimum investment is ₹25,000 and multiples thereof.</li><li>• <b>Discounted Price:</b> Issued at a discount to face value; the difference is the investor's earnings.</li><li>• <b>Risk-Free Investment:</b> Backed by the government, ensuring safety of principal.</li></ul> <p><b>2. Purpose of Treasury Bills</b></p> <ul style="list-style-type: none"><li>• <b>Short-Term Borrowing:</b> To meet temporary mismatches in the government's receipts and expenditures.</li><li>• <b>Liquidity Management:</b> Helps the RBI regulate liquidity in the financial system.</li><li>• <b>Benchmark Rates:</b> Serves as a reference rate for other short-term instruments in the financial market.</li></ul>	



### 3. Participants in the T-bill Market

- **Banks:** To meet statutory liquidity ratio (SLR) requirements.
- **Financial Institutions:** For short-term investment and liquidity management.
- **Corporates:** As a safe parking option for surplus funds.
- **Mutual Funds:** For providing secure, short-term returns to investors.
- **Individuals:** To diversify their investment portfolio.

### 4. Benefits of Treasury Bills

- **High Safety:** Backed by the Government of India.
- **Liquidity:** Can be easily traded in secondary markets.
- **No Tax Deduction at Source (TDS):** Interest earned is not subject to TDS, although it is taxable.
- **Low Entry Barrier:** Can be purchased in small denominations.

### 5. Process of Issuing T-bills

- **Auction:**
  - Conducted by RBI through competitive and non-competitive bidding.
  - Non-competitive bids are reserved for retail investors to ensure participation.
- **Primary Market:** RBI issues T-bills to participants.
- **Secondary Market:** T-bills can be traded, ensuring liquidity for investors.

### 6. Comparison with Other Instruments

Aspect	Treasury Bills	Corporate Bonds	Fixed Deposits
<b>Issuer</b>	Government	Corporates	Banks
<b>Risk Level</b>	Risk-free	Moderate to high	Low
<b>Tenure</b>	Up to 364 days	Varies (usually longer)	Flexible
<b>Interest Payout</b>	Zero-coupon (discounted)	Regular interest	Regular interest

#### ➤ Exercise (5 minutes)

1. What are Treasury Bills, and who issues them?
2. Name the different types of Treasury Bills based on their maturity periods.
3. Why are Treasury Bills considered a risk-free investment?
4. How are returns from Treasury Bills calculated?

#### Closure

1. Summarise the lesson learning outcomes and get affirmation from students on these.
2. Suggested readings: Book 1, Ch.4
3. Home work: Who can participate in the T-bill market in India?
4. Spend 5 minutes to wrap up and consolidate the learning

#### Evaluation

1. Reflective questions: Highlight the role of Treasury Bills in managing government finances and providing safe investment options.
2. Allow students to answer questions and discuss.
3. Spend 5 minutes to evaluate student assimilation of the lesson contents.



# Model Institute of Engineering & Technology (Autonomous) Lesson Plan

Kot, Bhalwal, Jammu

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<b>Lesson Plan 2.5</b>	<b>Course Name: Financial Institutions and Markets</b> <b>Topic: Commercial Bill</b>	<b>Course Code: BCMMJ-603</b>
<b>Objectives</b>	At the end of the lesson the student shall be able to: <ul style="list-style-type: none"><li>• Understand the concept of treasury bill.</li><li>• Explain the relevance of commercial bills in business.</li></ul>	
<b>Teaching Aids (if any)</b>	<ul style="list-style-type: none"><li>• Use of ICT</li></ul>	
<b>Teaching Development</b>	<p>➤ <b>Introduction (5 minutes)</b></p> <ul style="list-style-type: none"><li>• Have you heard about commercial bills used in business transactions?</li><li>• Why do you think businesses might need short-term financing?</li><li>• What makes commercial bills different from regular loans or other financial instruments?</li></ul> <p>➤ <b>Development (30 minutes)</b></p> <p><b>1. What is a Commercial Bill?</b></p> <p><b>a) Definition:</b></p> <ul style="list-style-type: none"><li>• A <b>commercial bill</b> is a financial instrument used to facilitate trade.</li><li>• It acts as an agreement between a seller (drawer) and a buyer (drawee) for payment of goods or services at a future date.</li></ul> <p><b>b) Key Features:</b></p> <ul style="list-style-type: none"><li>• <b>Short-Term Instrument:</b> Typically ranges from 30 to 180 days.</li><li>• <b>Negotiable:</b> Can be transferred or endorsed to others.</li><li>• <b>Discounting Facility:</b> Can be sold to banks or financial institutions at a discount for immediate funds.</li><li>• <b>Secured by Trade Transactions:</b> Based on actual movement of goods or services.</li></ul> <p><b>2. Types of Commercial Bills</b></p> <p><b>a) Demand Bill:</b></p> <ul style="list-style-type: none"><li>• Payable immediately upon presentation.</li></ul> <p><b>b) Usance Bill:</b></p> <ul style="list-style-type: none"><li>• Payable after a specific period mentioned in the bill.</li></ul> <p><b>c) Clean Bill:</b></p> <ul style="list-style-type: none"><li>• Not backed by any security or document.</li></ul> <p><b>d) Documentary Bill:</b></p> <ul style="list-style-type: none"><li>• Accompanied by shipping or delivery documents.</li></ul> <p><b>e) Inland Bill:</b></p> <ul style="list-style-type: none"><li>• Used for trade within the country.</li></ul> <p><b>f) Foreign Bill:</b></p> <ul style="list-style-type: none"><li>• Used for international trade.</li></ul> <p><b>3. Participants in the Commercial Bill Market</b></p> <ul style="list-style-type: none"><li>• <b>Sellers/Exporters:</b> Issue bills to buyers for payments.</li><li>• <b>Buyers/Importers:</b> Accept bills, agreeing to pay at a future date.</li><li>• <b>Banks and Financial Institutions:</b> Discount bills, providing immediate funds to sellers.</li><li>• <b>Endorsers:</b> Entities that purchase bills from original holders and resell them.</li></ul> <p><b>4. Role and Importance of Commercial Bills</b></p> <p><b>a) Liquidity for Businesses:</b></p> <ul style="list-style-type: none"><li>• Provides immediate cash flow to businesses by converting credit sales into cash.</li></ul>	



	<p><b>b) Encourages Trade:</b></p> <ul style="list-style-type: none"><li>• Facilitates smooth transactions between buyers and sellers by extending credit.</li></ul> <p><b>c) Low-Cost Financing:</b></p> <ul style="list-style-type: none"><li>• A cheaper alternative to loans, as interest rates are typically lower.</li></ul> <p><b>d) Risk Management:</b></p> <ul style="list-style-type: none"><li>• Reduces default risk when backed by a credible drawee or financial institution.</li></ul> <p><b>e) Promotes Secondary Market:</b></p> <ul style="list-style-type: none"><li>• Bills can be traded, adding depth to the financial system.</li></ul> <p><b>5. Process of Using Commercial Bills</b></p> <ol style="list-style-type: none"><li><b>1. Issuance:</b><ul style="list-style-type: none"><li>○ The seller issues the bill to the buyer for payment.</li></ul></li><li><b>2. Acceptance:</b><ul style="list-style-type: none"><li>○ The buyer accepts the bill, agreeing to pay on the due date.</li></ul></li><li><b>3. Discounting:</b><ul style="list-style-type: none"><li>○ The seller approaches a bank or financial institution to discount the bill for immediate cash.</li></ul></li><li><b>4. Payment:</b><ul style="list-style-type: none"><li>○ On maturity, the buyer pays the amount to the bank or the holder of the bill.</li></ul></li></ol> <p><b>6. Challenges of Commercial Bills</b></p> <ul style="list-style-type: none"><li>• <b>Credit Risk:</b> Risk of non-payment by the buyer.</li><li>• <b>Market Liquidity:</b> Limited trading opportunities in underdeveloped markets.</li><li>• <b>Documentation Complexity:</b> Requires proper documentation to avoid disputes.</li><li>• <b>Dependence on Trade:</b> Limited to transactions involving goods and services.</li></ul> <p><b>Exercise (5 minutes)</b></p> <ol style="list-style-type: none"><li>1. What is a commercial bill, and how is it used in trade finance?</li><li>2. Differentiate between a demand bill and a usance bill.</li><li>3. Name two types of commercial bills based on trade location.</li></ol>
<b>Closure</b>	<ol style="list-style-type: none"><li>1. Summarise the lesson learning outcomes and get affirmation from students on these.</li><li>2. Suggested readings: Book 1, Ch. 1</li><li>4. Home work: Why do sellers prefer discounting commercial bills with banks?</li><li>3. Spend 5 minutes to wrap up and consolidate the learning</li></ol>
<b>Evaluation</b>	<ol style="list-style-type: none"><li>1. Reflective questions: Highlight how commercial bills provide an efficient way to manage trade credit and liquidity?</li><li>2. Allow students to answer questions and discuss.</li><li>3. Spend 5 minutes to evaluate student assimilation of the lesson contents.</li></ol>



Lesson Plan 2.6	Course Name: Financial Institutions and Markets Topic: Bankers' Acceptance	Course Code: BCMMJ-603
Objectives	At the end of the lesson the student shall be able to: <ul style="list-style-type: none"><li>• Understand the concept of bankers' acceptance</li><li>• Reiterate the importance of Bankers' Acceptance in facilitating trade and managing payment risks.</li></ul>	
Teaching Aids (if any)	<ul style="list-style-type: none"><li>• Use of ICT</li></ul>	
Teaching Development	<p>➤ <b>Introduction (5 minutes)</b></p> <ul style="list-style-type: none"><li>• Have you ever heard of a financial instrument called "Bankers' Acceptance"?</li><li>• Why do you think banks play a role in facilitating trade between unknown parties?</li><li>• How do businesses manage payment risks in international trade?</li></ul> <p>➤ <b>Development (30 minutes)</b></p> <p><b>1. What is a Bankers' Acceptance?</b></p> <p><b>a) Definition:</b></p> <ul style="list-style-type: none"><li>• A <b>Bankers' Acceptance</b> is a negotiable instrument that represents a promised payment by a bank on behalf of a client.</li><li>• It is typically issued for financing trade transactions, both domestic and international.</li></ul> <p><b>b) Key Features:</b></p> <ul style="list-style-type: none"><li>• <b>Short-Term Instrument:</b> Usually matures within 30 to 180 days.</li><li>• <b>Trade-Related:</b> Used primarily in import and export transactions.</li><li>• <b>Guaranteed by a Bank:</b> Adds credibility and reduces payment risk.</li><li>• <b>Negotiable:</b> Can be sold or traded in the secondary market for immediate cash.</li></ul> <p><b>2. Process of Bankers' Acceptance</b></p> <ol style="list-style-type: none"><li><b>1. Trade Agreement:</b><ul style="list-style-type: none"><li>○ An importer and exporter agree on the terms of a trade transaction.</li></ul></li><li><b>2. Issuance of Letter of Credit:</b><ul style="list-style-type: none"><li>○ The importer requests their bank to issue a letter of credit (LC) to guarantee payment.</li></ul></li><li><b>3. Acceptance by the Bank:</b><ul style="list-style-type: none"><li>○ Once the exporter ships the goods and submits the required documents, the bank accepts the obligation to pay on behalf of the importer.</li></ul></li><li><b>4. Creation of Bankers' Acceptance:</b><ul style="list-style-type: none"><li>○ The acceptance becomes a BA, representing the bank's promise to pay on the due date.</li></ul></li><li><b>5. Discounting or Trading:</b><ul style="list-style-type: none"><li>○ The exporter can either wait for the payment on maturity or sell the BA in the secondary market for immediate funds.</li></ul></li></ol> <p><b>3. Types of Bankers' Acceptances</b></p> <p><b>a) Sight Acceptance:</b></p> <ul style="list-style-type: none"><li>• Payable immediately upon presentation of the document.</li></ul> <p><b>b) Time Acceptance:</b></p> <ul style="list-style-type: none"><li>• Payable at a specified future date, usually ranging from 30 to 180 days.</li></ul> <p><b>4. Participants in Bankers' Acceptance Market</b></p> <ul style="list-style-type: none"><li>• <b>Importers and Exporters:</b> Utilize BAs to facilitate trade payments.</li><li>• <b>Banks:</b> Issue and guarantee the acceptance.</li></ul>	



	<ul style="list-style-type: none"><li>• <b>Investors:</b> Purchase BAs in the secondary market for short-term returns.</li><li>• <b>Mutual Funds and Corporates:</b> Invest surplus funds in BAs as a low-risk option.</li></ul> <p><b>5. Importance of Bankers' Acceptance</b></p> <p><b>a) For Trade Facilitation:</b></p> <ul style="list-style-type: none"><li>• Ensures trust between buyers and sellers, especially in international trade.</li></ul> <p><b>b) For Liquidity:</b></p> <ul style="list-style-type: none"><li>• Offers sellers an option to receive immediate cash by selling the BA.</li></ul> <p><b>c) For Risk Management:</b></p> <ul style="list-style-type: none"><li>• Minimizes credit and payment risks for both parties.</li></ul> <p><b>d) For Investment:</b></p> <ul style="list-style-type: none"><li>• Provides a low-risk, short-term investment option in the secondary market.</li></ul> <p><b>6. Advantages of Bankers' Acceptance</b></p> <ul style="list-style-type: none"><li>• <b>Reduced Credit Risk:</b> Backed by a credible financial institution.</li><li>• <b>Enhances Trade:</b> Encourages trade between parties who may not trust each other initially.</li><li>• <b>Liquidity:</b> Can be easily converted into cash by selling in the market.</li><li>• <b>Flexibility:</b> Offers various maturity periods to suit trade requirements.</li></ul> <p><b>7. Limitations of Bankers' Acceptance</b></p> <ul style="list-style-type: none"><li>• <b>Cost:</b> Involves fees and commissions for issuance and acceptance.</li><li>• <b>Complexity:</b> Requires proper documentation and adherence to banking procedures.</li><li>• <b>Limited Use:</b> Mostly restricted to trade-related transactions.</li></ul> <p>➤ <b>Exercise (5 minutes)</b></p> <ol style="list-style-type: none"><li>1. What is a Bankers' Acceptance, and how does it work?</li><li>2. How is a BA different from a regular promissory note?</li><li>3. Name two types of Bankers' Acceptances based on payment terms.</li><li>4. Why is a BA considered a safe financial instrument?</li></ol>
<b>Closure</b>	<ol style="list-style-type: none"><li>1. Summarise the lesson learning outcomes and get affirmation from students on these.</li><li>2. Suggested readings: Book 1, Ch. 1</li><li>3. Home work: Who are the main participants in the Bankers' Acceptance market?</li><li>4. Spend 5 minutes to wrap up and consolidate the learning</li></ol>
<b>Evaluation</b>	<ol style="list-style-type: none"><li>1. Reflective questions: Reiterate the importance of Bankers' Acceptance in facilitating trade and managing payment risks.</li><li>2. Allow students to answer questions and discuss.</li><li>3. Spend 5 minutes to evaluate student assimilation of the lesson contents.</li></ol>



<b>Lesson Plan 2.7</b>	<b>Course Name: Financial Institutions and Markets</b> <b>Topic: Commercial Paper Market, Certificate of Deposits Market</b>	<b>Course Code: BCMMJ-603</b>
<b>Objectives</b>	At the end of the lesson the student shall be able to: <ul style="list-style-type: none"><li>• Understand the concept of commercial paper.</li><li>• Articulate the concept of certificate of deposit.</li></ul>	
<b>Teaching Aids (if any)</b>	<ul style="list-style-type: none"><li>• Use of ICT</li></ul>	
<b>Teaching Development</b>	<p>➤ <b>Introduction (5 minutes)</b></p> <ol style="list-style-type: none"><li>1. Have you ever heard of financial instruments like Commercial Paper (CP) and Certificate of Deposit (CD)?</li><li>2. Why do you think businesses or banks need short-term funding?</li><li>3. What makes CPs and CDs attractive to investors?</li></ol> <p>➤ <b>Development (30 minutes)</b></p> <p><b>1. Commercial Paper (CP)</b></p> <p><b>a) Definition:</b></p> <ul style="list-style-type: none"><li>• CP is an unsecured, short-term debt instrument issued by corporations to meet their working capital requirements.</li><li>• It is typically issued at a discount and redeemed at face value on maturity.</li></ul> <p><b>b) Features of Commercial Paper:</b></p> <ul style="list-style-type: none"><li>• <b>Issuer:</b> Corporations with a high credit rating.</li><li>• <b>Tenure:</b> Typically ranges from 7 days to 1 year.</li><li>• <b>Denomination:</b> Issued in multiples of ₹5 lakh.</li><li>• <b>Unsecured:</b> No collateral is provided, making it suitable for financially strong companies.</li><li>• <b>Tradable:</b> Can be traded in the secondary market for liquidity.</li></ul> <p><b>c) Purpose of CP:</b></p> <ul style="list-style-type: none"><li>• To finance short-term needs like inventory management or payroll.</li><li>• To provide a cost-effective alternative to bank loans.</li></ul> <p><b>d) Participants in the CP Market:</b></p> <ul style="list-style-type: none"><li>• <b>Issuers:</b> Large corporations and financial institutions.</li><li>• <b>Investors:</b> Mutual funds, insurance companies, banks, and individuals.</li><li>• <b>Intermediaries:</b> Brokers and dealers facilitate the issuance and trading of CPs.</li></ul> <p><b>2. Certificate of Deposit (CD)</b></p> <p><b>a) Definition:</b></p> <ul style="list-style-type: none"><li>• CDs are negotiable, short-term deposits issued by banks and financial institutions with fixed interest rates and maturity dates.</li><li>• They are used by banks to raise funds quickly.</li></ul> <p><b>b) Features of Certificate of Deposits:</b></p> <ul style="list-style-type: none"><li>• <b>Issuer:</b> Commercial banks, cooperative banks, and financial institutions.</li><li>• <b>Tenure:</b> Typically ranges from 7 days to 1 year (can go up to 3 years for financial institutions).</li><li>• <b>Denomination:</b> Issued in multiples of ₹1 lakh.</li><li>• <b>Secured:</b> Backed by the issuing bank's reputation and credibility.</li><li>• <b>Non-Tradable for Individuals:</b> CDs issued to retail investors are not tradable, while those issued to institutions may be.</li></ul> <p><b>c) Purpose of CDs:</b></p> <ul style="list-style-type: none"><li>• To help banks manage short-term liquidity.</li></ul>	



	<ul style="list-style-type: none"> <li>To offer investors a secure investment option with a fixed return.</li> </ul> <p><b>d) Participants in the CD Market:</b></p> <ul style="list-style-type: none"> <li><b>Issuers:</b> Banks and financial institutions.</li> <li><b>Investors:</b> Institutional investors, corporates, and high-net-worth individuals.</li> </ul> <p><b>3. Comparison: Commercial Paper vs. Certificate of Deposit</b></p> <table border="1"> <thead> <tr> <th>Aspect</th> <th>Commercial Paper (CP)</th> <th>Certificate of Deposit (CD)</th> </tr> </thead> <tbody> <tr> <td><b>Issuer</b></td> <td>Corporations, Financial Institutions</td> <td>Banks, Financial Institutions</td> </tr> <tr> <td><b>Collateral</b></td> <td>Unsecured</td> <td>Secured by issuing institution</td> </tr> <tr> <td><b>Tenure</b></td> <td>7 days to 1 year</td> <td>7 days to 1 year (up to 3 years)</td> </tr> <tr> <td><b>Purpose</b></td> <td>Working capital needs</td> <td>Liquidity management for banks</td> </tr> <tr> <td><b>Tradability</b></td> <td>Tradable in secondary markets</td> <td>Limited tradability (institutional CDs)</td> </tr> </tbody> </table> <p><b>4. Importance of CPs and CDs in the Financial System</b></p> <p><b>a) For Corporations:</b></p> <ul style="list-style-type: none"> <li>Provides a cheaper alternative to loans.</li> <li>Enhances flexibility in managing cash flow.</li> </ul> <p><b>b) For Banks and Financial Institutions:</b></p> <ul style="list-style-type: none"> <li>Offers an additional source of funds.</li> <li>Helps manage liquidity and short-term funding needs.</li> </ul> <p><b>c) For Investors:</b></p> <ul style="list-style-type: none"> <li>Provides short-term, low-risk investment options.</li> <li>Offers better returns compared to traditional savings accounts.</li> </ul> <p><b>d) For the Economy:</b></p> <ul style="list-style-type: none"> <li>Improves the efficiency of the money market.</li> <li>Encourages the flow of funds to productive sectors.</li> </ul> <p><b>5. Risks Associated with CPs and CDs</b></p> <ul style="list-style-type: none"> <li><b>Default Risk:</b> CPs are unsecured and rely on the issuer's creditworthiness.</li> <li><b>Liquidity Risk:</b> Early exit may not always be feasible without a secondary market.</li> <li><b>Interest Rate Risk:</b> Returns may be affected by fluctuations in interest rates.</li> </ul> <p>➤ <b>Exercise (5 minutes)</b></p> <ol style="list-style-type: none"> <li>What is a Commercial Paper, and who issues it?</li> <li>How does a Certificate of Deposit differ from a traditional bank deposit?</li> <li>Name two key differences between CPs and CDs.</li> <li>What is the typical tenure of a Commercial Paper?</li> </ol>	Aspect	Commercial Paper (CP)	Certificate of Deposit (CD)	<b>Issuer</b>	Corporations, Financial Institutions	Banks, Financial Institutions	<b>Collateral</b>	Unsecured	Secured by issuing institution	<b>Tenure</b>	7 days to 1 year	7 days to 1 year (up to 3 years)	<b>Purpose</b>	Working capital needs	Liquidity management for banks	<b>Tradability</b>	Tradable in secondary markets	Limited tradability (institutional CDs)
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<b>Tradability</b>	Tradable in secondary markets	Limited tradability (institutional CDs)																	
<p><b>Closure</b></p>	<ol style="list-style-type: none"> <li>Summarise the lesson learning outcomes and get affirmation from students on these.</li> <li>Suggested readings: Book 1, Ch. 1</li> <li>Home work: Why are Commercial Papers considered unsecured instruments?</li> <li>Spend 5 minutes to wrap up and consolidate the learning</li> </ol>																		
<p><b>Evaluation</b></p>	<ol style="list-style-type: none"> <li>Reflective questions: Highlight the significance of CPs and CDs in meeting the short-term funding needs of corporations and banks.</li> <li>Allow students to answer questions and discuss.</li> <li>Spend 5 minutes to evaluate student assimilation of the lesson contents.</li> </ol>																		



<b>Lesson Plan 2.8</b>	<b>Course Name: Financial Institutions and Markets</b> <b>Topic: Money Market Mutual Fund</b>	<b>Course Code: BCMMJ-603</b>
<b>Objectives</b>	At the end of the lesson the student shall be able to: <ul style="list-style-type: none"><li>• Explain the money market mutual funds.</li><li>• Elaborate the instruments to be used for investment in money market mutual funds.</li></ul>	
<b>Teaching Aids (if any)</b>	<ul style="list-style-type: none"><li>• Use of ICT</li></ul>	
<b>Teaching Development</b>	<p>➤ <b>Introduction (5 minutes)</b></p> <ol style="list-style-type: none"><li>1. Have you ever invested in mutual funds?</li><li>2. Do you know there are mutual funds designed specifically for short-term investments with low risk?</li><li>3. What do you think makes money market instruments attractive to investors?</li></ol> <p>➤ <b>Development (30 minutes)</b></p> <p><b>1. What is a Money Market Mutual Fund (MMMF)?</b></p> <p><b>a) Definition:</b></p> <ul style="list-style-type: none"><li>• An MMMF is a pooled investment vehicle that invests in money market instruments, offering investors an opportunity to earn higher returns on their short-term surplus funds.</li><li>• It is managed by professional fund managers to optimize returns while minimizing risk.</li></ul> <p><b>b) Key Features:</b></p> <ul style="list-style-type: none"><li>• <b>Low Risk:</b> Invests in high-quality, short-term instruments.</li><li>• <b>High Liquidity:</b> Allows easy withdrawal of funds.</li><li>• <b>Stable Returns:</b> Provides consistent but modest returns.</li><li>• <b>Short-Term Focus:</b> Investments typically range from overnight to one year.</li></ul> <p><b>2. Objectives of MMMFs</b></p> <p><b>a) Preservation of Capital:</b></p> <ul style="list-style-type: none"><li>• Ensures the safety of principal investment.</li></ul> <p><b>b) Liquidity:</b></p> <ul style="list-style-type: none"><li>• Offers investors easy access to their funds when needed.</li></ul> <p><b>c) Income Generation:</b></p> <ul style="list-style-type: none"><li>• Provides better returns compared to savings accounts or fixed deposits.</li></ul> <p><b>3. Instruments in Money Market Mutual Funds</b></p> <p><b>a) Treasury Bills:</b></p> <ul style="list-style-type: none"><li>• Short-term government securities issued at a discount.</li></ul> <p><b>b) Commercial Papers:</b></p> <ul style="list-style-type: none"><li>• Unsecured, short-term debt instruments issued by corporations.</li></ul> <p><b>c) Certificates of Deposit:</b></p> <ul style="list-style-type: none"><li>• Negotiable instruments issued by banks with fixed interest rates and maturity dates.</li></ul> <p><b>d) Call and Notice Money:</b></p> <ul style="list-style-type: none"><li>• Short-term loans between financial institutions.</li></ul> <p><b>e) Repurchase Agreements (Repo):</b></p> <ul style="list-style-type: none"><li>• Short-term borrowing backed by government securities.</li></ul> <p><b>4. Advantages of Money Market Mutual Funds</b></p> <p><b>a) Low Risk:</b></p>	



	<ul style="list-style-type: none"> <li>• Suitable for conservative investors seeking capital protection.</li> </ul> <p><b>b) Liquidity:</b></p> <ul style="list-style-type: none"> <li>• Funds can be withdrawn quickly, often with no penalties.</li> </ul> <p><b>c) Diversification:</b></p> <ul style="list-style-type: none"> <li>• Investments spread across multiple instruments reduce the risk of default.</li> </ul> <p><b>d) Professional Management:</b></p> <ul style="list-style-type: none"> <li>• Managed by experienced fund managers to maximize returns.</li> </ul> <p><b>e) Accessibility:</b></p> <ul style="list-style-type: none"> <li>• Affordable for retail investors, with low minimum investment requirements.</li> </ul> <p><b>5. Participants in the MMMF Market</b></p> <p><b>a) Retail Investors:</b></p> <ul style="list-style-type: none"> <li>• Individuals looking for a safe, short-term parking option for their surplus funds.</li> </ul> <p><b>b) Corporates:</b></p> <ul style="list-style-type: none"> <li>• Businesses parking idle cash for better returns.</li> </ul> <p><b>c) Financial Institutions:</b></p> <ul style="list-style-type: none"> <li>• Banks and NBFCs utilizing MMMFs for liquidity management.</li> </ul> <p><b>d) Fund Managers:</b></p> <ul style="list-style-type: none"> <li>• Professionals managing the portfolio to achieve the fund's objectives.</li> </ul> <p><b>6. Risks Associated with MMMFs</b></p> <p><b>a) Credit Risk:</b></p> <ul style="list-style-type: none"> <li>• Though minimal, there is a possibility of default by issuers of the instruments.</li> </ul> <p><b>b) Interest Rate Risk:</b></p> <ul style="list-style-type: none"> <li>• Changes in interest rates can affect the fund's returns.</li> </ul> <p><b>c) Liquidity Risk:</b></p> <ul style="list-style-type: none"> <li>• A sudden need for liquidity may lead to losses if the instruments need to be sold prematurely.</li> </ul> <p><b>d) Regulatory Risks:</b></p> <ul style="list-style-type: none"> <li>• Changes in regulations can impact the operations and returns of MMMFs.</li> </ul> <p><b>7. Comparison with Other Investment Options</b></p> <table border="1" data-bbox="319 1332 1356 1556"> <thead> <tr> <th>Feature</th> <th>MMMF</th> <th>Savings Account</th> <th>Fixed Deposit</th> </tr> </thead> <tbody> <tr> <td><b>Liquidity</b></td> <td>High</td> <td>High</td> <td>Low (locked until maturity)</td> </tr> <tr> <td><b>Returns</b></td> <td>Moderate</td> <td>Low</td> <td>Moderate</td> </tr> <tr> <td><b>Risk</b></td> <td>Low</td> <td>Minimal</td> <td>Minimal</td> </tr> <tr> <td><b>Minimum Investment</b></td> <td>Low</td> <td>Low</td> <td>Varies</td> </tr> </tbody> </table> <p>➤ <b>Exercise (5 minutes)</b></p> <p><b>Questions from the Topic:</b></p> <ol style="list-style-type: none"> <li>1. What is a Money Market Mutual Fund, and how does it work?</li> <li>2. Name three instruments in which MMMFs typically invest.</li> <li>3. Why are MMMFs considered a low-risk investment option?</li> <li>4. Who are the primary participants in the MMMF market?</li> </ol>	Feature	MMMF	Savings Account	Fixed Deposit	<b>Liquidity</b>	High	High	Low (locked until maturity)	<b>Returns</b>	Moderate	Low	Moderate	<b>Risk</b>	Low	Minimal	Minimal	<b>Minimum Investment</b>	Low	Low	Varies
Feature	MMMF	Savings Account	Fixed Deposit																		
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<b>Risk</b>	Low	Minimal	Minimal																		
<b>Minimum Investment</b>	Low	Low	Varies																		
<p><b>Closure</b></p>	<ol style="list-style-type: none"> <li>1. Summarise the lesson learning outcomes and get affirmation from students on these.</li> <li>2. Suggested readings: Book 2, Ch 5</li> <li>3. Home work: What are the key advantages of MMMFs compared to traditional savings accounts?</li> <li>4. Spend 5 minutes to wrap up and consolidate the learning</li> </ol>																				



<b>Evaluation</b>	<ol style="list-style-type: none"><li>1. Reflective questions: Highlight the role of MMMFs in offering low-risk, short-term investment opportunities with better returns.</li><li>2. Allow students to answer questions and discuss.</li><li>3. Spend 5 minutes to evaluate student assimilation of the lesson contents.</li></ol>
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<b>Lesson Plan 2.9</b>	<b>Course Name: Financial Institutions and Markets</b> <b>Topic: Repo-Reverse Repo</b>	<b>Course Code: BCMMJ-603</b>
<b>Objectives</b>	At the end of the lesson the student shall be able to: <ul style="list-style-type: none"><li>• Articulate the concept of Repo and Reverse Repo.</li><li>• Elaborate the role of central bank in the Repo-Reverse Repo market.</li></ul>	
<b>Teaching Aids (if any)</b>	<ul style="list-style-type: none"><li>• Use of ICT</li></ul>	
<b>Teaching Development</b>	<p><b>Introduction (5 minutes)</b></p> <ol style="list-style-type: none"><li>1. Have you ever wondered how banks and financial institutions manage their short-term liquidity needs?</li><li>2. What do you think happens when banks have excess funds or a shortage of cash?</li><li>3. Are you familiar with terms like "Repo" and "Reverse Repo"?</li></ol> <p>➤ <b>Development (30 minutes)</b></p> <p><b>1. What is a Repo Transaction?</b></p> <p><b>a) Definition:</b></p> <ul style="list-style-type: none"><li>• A <b>Repo (Repurchase Agreement)</b> is a short-term borrowing mechanism where the borrower (e.g., a bank) sells securities to the lender with an agreement to repurchase them at a specified price on a future date.</li><li>• It effectively acts as a secured loan, where the securities serve as collateral.</li></ul> <p><b>b) Key Features:</b></p> <ul style="list-style-type: none"><li>• <b>Short-Term Nature:</b> Typically, overnight or for a few days.</li><li>• <b>Collateralized:</b> Backed by government securities, bonds, or other high-quality assets.</li><li>• <b>Interest Component:</b> The difference between the sale and repurchase price is the interest or "repo rate."</li></ul> <p><b>2. What is a Reverse Repo Transaction?</b></p> <p><b>a) Definition:</b></p> <ul style="list-style-type: none"><li>• A <b>Reverse Repo</b> is the opposite of a repo. Here, a financial institution lends funds to another entity (e.g., the central bank) in exchange for securities as collateral, with an agreement to sell them back later.</li><li>• It is essentially a short-term investment for the lender.</li></ul> <p><b>b) Key Features:</b></p> <ul style="list-style-type: none"><li>• <b>Liquidity Absorption:</b> Used by central banks to absorb excess liquidity from the market.</li><li>• <b>Safe Returns:</b> Offers secure, short-term returns to the lender.</li></ul> <p><b>3. How the Repo-Reverse Repo Market Works</b></p> <p><b>a) Process:</b></p> <ol style="list-style-type: none"><li>1. A bank or financial institution with a cash deficit enters a repo agreement with another entity or the central bank.</li><li>2. The lender provides funds against collateral (usually government securities).</li><li>3. The borrower repurchases the securities on the agreed date at the predetermined price.</li><li>4. In a reverse repo, the roles are reversed.</li></ol> <p><b>b) Role of the Central Bank (e.g., RBI):</b></p> <ul style="list-style-type: none"><li>• Central banks use repo and reverse repo operations to control liquidity and interest rates in the economy.</li></ul> <p><b>4. Importance of Repo-Reverse Repo Market</b></p>	



	<p><b>a) For Liquidity Management:</b></p> <ul style="list-style-type: none"><li>• Helps banks and institutions manage short-term cash requirements.</li></ul> <p><b>b) For Monetary Policy Implementation:</b></p> <ul style="list-style-type: none"><li>• Central banks use repo and reverse repo rates to influence the money supply and interest rates.</li></ul> <p><b>c) For Financial Stability:</b></p> <ul style="list-style-type: none"><li>• Provides a secure and efficient mechanism for borrowing and lending.</li></ul> <p><b>d) For Investors:</b></p> <ul style="list-style-type: none"><li>• Offers an opportunity to earn interest with minimal risk.</li></ul> <p><b>5. Participants in the Repo-Reverse Repo Market</b></p> <ul style="list-style-type: none"><li>• <b>Commercial Banks:</b> Primary users for managing daily liquidity needs.</li><li>• <b>Central Banks (e.g., RBI):</b> Regulate liquidity and implement monetary policies.</li><li>• <b>Mutual Funds and NBFCs:</b> Lend surplus funds to earn returns.</li><li>• <b>Primary Dealers:</b> Act as intermediaries in these transactions.</li></ul> <p><b>6. Advantages of Repo and Reverse Repo</b></p> <p><b>a) For Borrowers (Repo):</b></p> <ul style="list-style-type: none"><li>• Access to short-term funds at competitive rates.</li><li>• Flexibility in managing liquidity without liquidating long-term assets.</li></ul> <p><b>b) For Lenders (Reverse Repo):</b></p> <ul style="list-style-type: none"><li>• Secure investment option with predictable returns.</li><li>• Low risk due to collateral-backed transactions.</li></ul> <p><b>c) For the Economy:</b></p> <ul style="list-style-type: none"><li>• Enhances liquidity and stability in financial markets.</li><li>• Enables effective monetary policy implementation.</li></ul> <p><b>7. Risks and Limitations</b></p> <p><b>a) Counterparty Risk:</b></p> <ul style="list-style-type: none"><li>• Possibility of default by the borrower or lender.</li></ul> <p><b>b) Collateral Risk:</b></p> <ul style="list-style-type: none"><li>• Decline in the value of collateral during the tenure of the agreement.</li></ul> <p><b>c) Dependency on Central Bank:</b></p> <ul style="list-style-type: none"><li>• Excessive reliance on central banks for liquidity can create imbalances.</li></ul> <p>➤ <b>Exercise (5 minutes)</b></p> <p><b>Questions from the Topic:</b></p> <ol style="list-style-type: none"><li>1. What is a Repo transaction, and how does it work?</li><li>2. How is a Reverse Repo different from a Repo?</li><li>3. What role does the central bank play in the Repo-Reverse Repo market?</li><li>4. Name two participants in the Repo market.</li><li>5. Why are Repo transactions considered secured loans</li></ol>
<b>Closure</b>	<ol style="list-style-type: none"><li>1. Summarise the lesson learning outcomes and get affirmation from students on these.</li><li>2. Suggested readings: Book 1, Ch. 1</li><li>3. Home work: What role does the central bank play in the Repo-Reverse Repo market?</li><li>4. Spend 5 minutes to wrap up and consolidate the learning</li></ol>
<b>Evaluation</b>	<ol style="list-style-type: none"><li>1. Reflective questions: Reiterate the importance of the Repo-Reverse Repo market in maintaining liquidity and stability in the financial system.</li><li>2. Allow students to answer questions and discuss.</li><li>3. Spend 5 minutes to evaluate student assimilation of the lesson contents.</li></ol>



# Model Institute of Engineering & Technology (Autonomous) Lesson Plan

Kot, Bhalwal, Jammu

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<b>Lesson Plan 3.1</b>	<b>Course Name: Financial Institutions and Markets</b> <b>Topic: History of the Indian Capital Market</b>	<b>Course Code: BCMMJ-603</b>
<b>Objectives</b>	At the end of the lesson the student shall be able to: <ul style="list-style-type: none"><li>To understand the history of capital market</li><li>To elaborate the different types of capital market</li></ul>	
<b>Teaching Aids (if any)</b>	<ul style="list-style-type: none"><li>Use of ICT</li></ul>	
<b>Teaching Development</b>	<p>➤ <b>Introduction (5 minutes)</b></p> <p>1. <b>Begin with Questions:</b></p> <ul style="list-style-type: none"><li><b>What is the capital market?</b> (Expected answer: A market for buying and selling long-term securities like stocks and bonds.)</li><li><b>Why is the capital market important for the economy?</b> (Expected answer: It helps in raising funds for businesses, supports infrastructure development, and promotes economic growth.)</li><li><b>Do you know when and how the Indian capital market began?</b> (Transition to the historical background.)</li></ul> <p>2. <b>Brief Context:</b></p> <ul style="list-style-type: none"><li>The Indian capital market is one of the oldest in Asia and has evolved significantly since its inception in the 18th century during British rule.</li></ul> <p><b>Development (30 minutes)</b></p> <p>1. <b>Early Beginnings (18th–19th Century):</b></p> <ul style="list-style-type: none"><li>The concept of joint-stock companies was introduced during British rule.</li><li>The first share trading activity in India began in <b>Bombay (now Mumbai)</b> in the 1830s.</li></ul> <p>2. <b>Establishment of Stock Exchanges (19th Century):</b></p> <ul style="list-style-type: none"><li><b>Bombay Stock Exchange (BSE):</b> Founded in 1875, it is Asia's oldest stock exchange.</li><li>Initially informal, stockbrokers conducted trading under a banyan tree.</li></ul> <p>3. <b>Pre-Independence Period:</b></p> <ul style="list-style-type: none"><li>Trading activities grew with the establishment of companies during the industrial revolution.</li><li>By the 1930s, India had several regional stock exchanges.</li><li>The <b>Securities Contracts (Regulation) Act, 1956</b>, was enacted to regulate the market.</li></ul> <p>4. <b>Post-Independence Era (1947–1980):</b></p> <ul style="list-style-type: none"><li>The capital market was underdeveloped, with limited public participation.</li><li>Government initiatives, like the establishment of <b>Unit Trust of India (UTI)</b> in 1963, aimed to promote investment.</li></ul> <p>5. <b>Reforms in the 1990s:</b></p> <ul style="list-style-type: none"><li>Economic liberalization in 1991 led to significant reforms in the capital market.</li><li>Introduction of the <b>Securities and Exchange Board of India (SEBI)</b> in 1992 to regulate and protect investors' interests.</li><li>Computerized trading systems were introduced to improve transparency and efficiency.</li></ul>	



	<p><b>6. Modern Era (2000s–Present):</b></p> <ul style="list-style-type: none"><li>○ Introduction of new instruments like derivatives, mutual funds, and ETFs.</li><li>○ Launch of National Stock Exchange (NSE) in 1992, which brought electronic trading.</li><li>○ Rise of retail investors with user-friendly trading platforms.</li><li>○ Significant foreign investment and global recognition of the Indian capital market.</li></ul> <p><b>Exercise (5 minutes)</b></p> <p><b>Questions from the Topic:</b></p> <ul style="list-style-type: none"><li>○ <b>Q1:</b> What is the significance of the Bombay Stock Exchange (BSE) in Indian history? <i>(Expected Answer: It is Asia's oldest stock exchange, founded in 1875.)</i></li><li>○ <b>Q2:</b> When was SEBI established, and why? <i>(Expected Answer: SEBI was established in 1992 to regulate the capital market and protect investors.)</i></li></ul>
<b>Closure</b>	<ol style="list-style-type: none"><li>1. Summarise the lesson learning outcomes and get affirmation from students on these.</li><li>2. Suggested readings: Book 1, Ch.5</li><li>3. Homework: Name two major stock exchanges in India</li><li>4. Spend 5 minutes to wrap up and consolidate the learning</li></ol>
<b>Evaluation</b>	<ol style="list-style-type: none"><li>1. Reflective questions: What impact did the economic reforms of 1991 have on the Indian capital market?</li><li>2. Allow students to answer questions and discuss.</li><li>3. Spend 5 minutes to evaluate student assimilation of the lesson contents.</li></ol>



<b>Lesson Plan 3.2</b>	<b>Course Name: Financial Institutions and Markets</b> <b>Topic: Primary Market- Functions, Participants and Intermediaries</b>	<b>Course Code: BCMMJ-603</b>
<b>Objectives</b>	At the end of the lesson the student shall be able to: <ul style="list-style-type: none"> <li>• Analyse the functions of primary market</li> <li>• To elaborate the participants and intermediaries of primary market.</li> </ul>	
<b>Teaching Aids (if any)</b>	<ul style="list-style-type: none"> <li>• Use of ICT</li> </ul>	
<b>Teaching Development</b>	<ul style="list-style-type: none"> <li>➤ <b>Introduction (5 minutes)</b> <ol style="list-style-type: none"> <li>1. <b>Begin with Questions:</b> <ul style="list-style-type: none"> <li>○ <b>What is the primary market?</b> (Expected Answer: It is the market where new securities are issued and sold to investors for the first time.)</li> <li>○ <b>Why is the primary market important?</b> (Expected Answer: It helps companies raise capital for business expansion, debt repayment, or other financial needs.)</li> <li>○ <b>Do you know the difference between the primary and secondary markets?</b> (Expected Answer: The primary market deals with new securities, while the secondary market facilitates the trading of existing securities.)</li> </ul> </li> <li>2. <b>Brief Context:</b> <ul style="list-style-type: none"> <li>○ The primary market is crucial for economic growth as it connects businesses with potential investors, enabling them to secure long-term funds.</li> </ul> </li> </ol> </li> <li>➤ <b>Development (30 minutes)</b> <ol style="list-style-type: none"> <li>1. <b>Functions of the Primary Market:</b> <ul style="list-style-type: none"> <li>• <b>Raising Capital:</b> Companies issue securities (shares, bonds, debentures) to finance operations, expansion, or new projects.</li> <li>• <b>Facilitating Savings and Investment:</b> Encourages individuals and institutions to invest in securities, promoting economic growth.</li> <li>• <b>Price Discovery:</b> Helps in determining the value of new securities based on demand and supply.</li> <li>• <b>Encouraging Public Ownership:</b> Offers opportunities for retail investors to participate in ownership of companies.</li> </ul> </li> <li>2. <b>Participants in the Primary Market:</b> <ul style="list-style-type: none"> <li>• <b>Issuers:</b> <ul style="list-style-type: none"> <li>○ Companies, governments, or other entities issuing securities to raise funds.</li> </ul> </li> <li>• <b>Investors:</b> <ul style="list-style-type: none"> <li>○ <b>Retail Investors:</b> Individuals buying shares for personal investment.</li> <li>○ <b>Institutional Investors:</b> Mutual funds, pension funds, banks, and insurance companies investing large sums.</li> <li>○ <b>Foreign Investors:</b> Overseas entities participating in Indian markets via mechanisms like FPI (Foreign Portfolio Investment).</li> </ul> </li> <li>• <b>Underwriters:</b> <ul style="list-style-type: none"> <li>○ Institutions or individuals guaranteeing the sale of a minimum number of securities in case of under-subscription.</li> </ul> </li> </ul> </li> </ol> </li> </ul>	



	<p style="text-align: center;"><b>3. Intermediaries in the Primary Market:</b></p> <ul style="list-style-type: none"><li>• <b>Merchant Bankers (Lead Managers):</b><ul style="list-style-type: none"><li>○ Manage the entire process of issuing securities, including preparing offer documents and ensuring regulatory compliance.</li></ul></li><li>• <b>Registrars and Transfer Agents (RTAs):</b><ul style="list-style-type: none"><li>○ Maintain records of investors and ensure smooth allotment of securities.</li></ul></li><li>• <b>Stock Exchanges:</b><ul style="list-style-type: none"><li>○ Platforms where securities are listed post-issue, ensuring transparency and investor confidence.</li></ul></li><li>• <b>Credit Rating Agencies:</b><ul style="list-style-type: none"><li>○ Evaluate and provide ratings for debt securities, helping investors assess risk.</li></ul></li><li>• <b>Brokers and Sub-brokers:</b><ul style="list-style-type: none"><li>○ Facilitate subscription to new issues by acting as intermediaries between investors and issuers.</li></ul></li></ul> <p style="text-align: center;"><b>4. Key Methods of Issuing Securities in the Primary Market:</b></p> <ul style="list-style-type: none"><li>• <b>Initial Public Offering (IPO):</b><ul style="list-style-type: none"><li>○ The first-time issuance of shares to the public.</li></ul></li><li>• <b>Follow-on Public Offering (FPO):</b><ul style="list-style-type: none"><li>○ Additional shares issued by a company after an IPO.</li></ul></li><li>• <b>Private Placement:</b><ul style="list-style-type: none"><li>○ Securities sold to a select group of investors rather than the general public.</li></ul></li><li>• <b>Rights Issue:</b><ul style="list-style-type: none"><li>○ Existing shareholders are offered the right to purchase additional shares.</li></ul></li><li>• <b>Offer for Sale (OFS):</b><ul style="list-style-type: none"><li>○ Large shareholders, such as promoters, sell their stakes to the public</li></ul></li></ul> <p>➤ <b>Exercise (5 minutes)</b></p> <p><b>Questions from the Topic:</b></p> <ul style="list-style-type: none"><li>○ <b>Q1:</b> What is the primary function of the primary market? <i>(Expected Answer: To facilitate the issuance of new securities and help companies raise capital.)</i></li><li>○ <b>Q2:</b> Name any two methods of issuing securities in the primary market. <i>(Expected Answer: IPO, Rights Issue.)</i></li><li>○ <b>Q3:</b> Who are the key participants in the primary market? <i>(Expected Answer: Issuers, investors, underwriters.)</i></li></ul>
<b>Closure</b>	<ol style="list-style-type: none"><li>1. Summarise the lesson learning outcomes and get affirmation from students on these.</li><li>2. Suggested readings: Book 1, Ch. 6</li><li>3. Homework: What role does a merchant banker play in the primary market?</li><li>4. Spend 5 minutes to wrap up and consolidate the learning</li></ol>
<b>Evaluation</b>	<ol style="list-style-type: none"><li>1. Reflective questions: How does the primary market differ from the secondary market?</li><li>2. Allow students to answer questions and discuss.</li><li>3. Spend 5 minutes to evaluate student assimilation of the lesson contents.</li></ol>



<b>Lesson Plan 3.3</b>	<b>Course Name: Financial Institutions and Markets</b> <b>Topic: Merchant Banker, Banker to an Issue</b>	<b>Course Code: BCMMJ-603</b>
<b>Objectives</b>	At the end of the lesson the student shall be able to: <ul style="list-style-type: none"><li>• Comprehend the functions of merchant banker</li><li>• Analyse the function of banker to an issue</li></ul>	
<b>Teaching Aids (if any)</b>	<ul style="list-style-type: none"><li>• Use of ICT</li></ul>	
<b>Teaching Development</b>	<p>➤ <b>Introduction (5 minutes)</b></p> <p>1. <b>Begin with Questions:</b></p> <ul style="list-style-type: none"><li>○ <b>What is a merchant banker?</b> (Expected Answer: A financial intermediary who manages the process of raising capital for businesses.)</li><li>○ <b>What is a banker to an issue?</b> (Expected Answer: A bank authorized to handle the application money and other funds related to the issue of securities.)</li><li>○ <b>Why do companies need these intermediaries during public or private issues?</b> (Expected Answer: To ensure smooth execution, regulatory compliance, and efficient fund management.)</li></ul> <p>2. <b>Brief Context:</b></p> <ul style="list-style-type: none"><li>○ Merchant bankers and bankers to an issue play a critical role in the capital market by facilitating the issuance and subscription of securities.</li><li>○ These entities ensure that regulatory requirements are met, and investors' funds are handled securely.</li></ul> <p>➤ <b>Development (30 minutes)</b></p> <p><b>1. Merchant Banker</b></p> <ul style="list-style-type: none"><li>• <b>Definition:</b><ul style="list-style-type: none"><li>○ A merchant banker is a financial expert or institution that offers services like capital raising, corporate advisory, underwriting, and portfolio management.</li></ul></li><li>• <b>Functions:</b><ul style="list-style-type: none"><li>○ <b>Capital Raising:</b> Assists companies in raising funds through IPOs, FPOs, private placements, and debt instruments.</li><li>○ <b>Underwriting:</b> Guarantees the subscription of securities by buying unsold shares or bonds.</li><li>○ <b>Advisory Services:</b> Provides advice on mergers, acquisitions, financial restructuring, and valuations.</li><li>○ <b>Compliance:</b> Prepares offer documents, ensures compliance with SEBI regulations, and coordinates with regulators and stock exchanges.</li></ul></li><li>• <b>Role in the Primary Market:</b><ul style="list-style-type: none"><li>○ Acts as the lead manager for public issues.</li><li>○ Conducts due diligence to ensure the company's financial health and eligibility for raising funds.</li><li>○ Markets the securities to investors to ensure successful subscription.</li></ul></li></ul> <p><b>2. Banker to an Issue</b></p> <ul style="list-style-type: none"><li>• <b>Definition:</b></li></ul>	



	<ul style="list-style-type: none"><li>○ A banker to an issue is a scheduled bank authorized by SEBI to manage funds related to the issuance of securities.</li><li>● <b>Functions:</b><ul style="list-style-type: none"><li>○ <b>Handling Application Money:</b> Collects and processes application money from investors.</li><li>○ <b>Fund Transfers:</b> Ensures funds are transferred from investors to the issuer in a timely manner.</li><li>○ <b>Refund Management:</b> Manages refunds in case of over-subscription or application rejection.</li><li>○ <b>Coordination:</b> Coordinates with registrars, lead managers, and stock exchanges for smooth financial transactions.</li></ul></li><li>● <b>Eligibility:</b><ul style="list-style-type: none"><li>○ Must be a scheduled commercial bank approved by SEBI.</li><li>○ Required to have adequate infrastructure and systems for handling large volumes of transactions.</li></ul></li></ul> <p><b>Regulations and Role in the Financial System:</b></p> <ul style="list-style-type: none"><li>● Both merchant bankers and bankers to an issue are regulated by the <b>Securities and Exchange Board of India (SEBI)</b>.</li><li>● Their roles are critical for ensuring transparency, investor confidence, and smooth execution of public and private securities issues.</li></ul> <p>➤ <b>Exercise (5 minutes)</b></p> <p>1. <b>Questions from the Topic:</b></p> <ul style="list-style-type: none"><li>○ <b>Q1:</b> What are the primary functions of a merchant banker? <i>(Expected Answer: Capital raising, underwriting, advisory services, and compliance.)</i></li><li>○ <b>Q2:</b> Who regulates merchant bankers and bankers to an issue in India? <i>(Expected Answer: Securities and Exchange Board of India (SEBI).)</i></li><li>○ <b>Q3:</b> What is the role of a banker to an issue during an IPO? <i>(Expected Answer: Handles application money, fund transfers, and refunds.)</i></li></ul> <p>This structured explanation provides clarity and engages the audience effectively. Let me know if you'd like to add any specific details or examples!</p>
<b>Closure</b>	<ol style="list-style-type: none"><li>1. Summarise the lesson learning outcomes and get affirmation from students on these.</li><li>2. Suggested readings: Book 1, Ch.17</li><li>3. Homework: Name a key difference between merchant bankers and bankers to an issue.</li><li>4. Spend 5 minutes to wrap up and consolidate the learning</li></ol>
<b>Evaluation</b>	<ol style="list-style-type: none"><li>1. Reflective questions: Why is the role of a merchant banker critical in an IPO process?</li><li>2. Allow students to answer questions and discuss.</li><li>3. Spend 5 minutes to evaluate student assimilation of the lesson contents.</li></ol>



<b>Lesson Plan 3.4</b>	<b>Course Name: Financial Institutions and Markets</b> <b>Topic: Underwriter</b>	<b>Course Code: BCMMJ-603</b>
<b>Objectives</b>	At the end of the lesson the student shall be able to: <ul style="list-style-type: none"><li>• Articulate the concept of an underwriter</li><li>• Analyse the functions of an underwriter</li></ul>	
<b>Teaching Aids (if any)</b>	<ul style="list-style-type: none"><li>• Use of ICT</li></ul>	
<b>Teaching Development</b>	<p>➤ <b>Introduction (5 minutes)</b></p> <ul style="list-style-type: none"><li>○ <b>What is an underwriter?</b> <i>(Expected Answer: An entity or individual that guarantees the subscription of securities during an issue, ensuring that the issuer raises the intended capital.)</i></li><li>○ <b>Why might a company need an underwriter?</b> <i>(Expected Answer: To reduce the risk of under-subscription and ensure a successful issue.)</i></li><li>○ <b>Do you think underwriters play an important role in the primary market? Why or why not?</b> <i>(Expected Answer: Yes, because they ensure the success of capital-raising efforts by providing assurance to both issuers and investors.)</i></li></ul> <p>2. <b>Brief Context:</b></p> <ul style="list-style-type: none"><li>○ Underwriters are crucial intermediaries in the primary market, bridging the gap between issuers and investors.</li><li>○ They manage the risk of issuing new securities by guaranteeing a minimum subscription amount.</li></ul> <p>➤ <b>Development (30 minutes)</b></p> <p><b>1. Definition and Role of an Underwriter</b></p> <ul style="list-style-type: none"><li>• <b>Definition:</b><ul style="list-style-type: none"><li>○ An underwriter is an individual or institution (such as a bank, financial institution, or investment firm) that agrees to buy any unsold securities during a public or private issue, thus reducing the issuer's risk.</li></ul></li><li>• <b>Role in the Primary Market:</b><ul style="list-style-type: none"><li>○ Ensures that the issuer raises the targeted amount of funds, even if investor demand is low.</li><li>○ Enhances investor confidence in the issue by guaranteeing a minimum level of subscription.</li></ul></li></ul> <p><b>2. Functions of an Underwriter</b></p> <ul style="list-style-type: none"><li>• <b>Risk Mitigation:</b><ul style="list-style-type: none"><li>○ Takes on the financial risk of under-subscription, ensuring the issuer meets its funding goals.</li></ul></li><li>• <b>Pricing of Securities:</b><ul style="list-style-type: none"><li>○ Assists issuers in determining the price of securities to attract investors while maximizing returns.</li></ul></li><li>• <b>Marketing the Issue:</b><ul style="list-style-type: none"><li>○ Promotes the securities to potential investors, often through roadshows or marketing campaigns.</li></ul></li><li>• <b>Subscription Guarantee:</b></li></ul>	



	<ul style="list-style-type: none"> <li>○ Commits to purchasing any unsold shares, ensuring the success of the issue.</li> </ul> <p><b>3. Types of Underwriting</b></p> <ul style="list-style-type: none"> <li>● <b>Full Underwriting:</b> <ul style="list-style-type: none"> <li>○ The underwriter agrees to buy the entire issue if it is not fully subscribed.</li> </ul> </li> <li>● <b>Partial Underwriting:</b> <ul style="list-style-type: none"> <li>○ The underwriter guarantees only a portion of the issue, with the rest left to the issuer's risk.</li> </ul> </li> <li>● <b>Firm Underwriting:</b> <ul style="list-style-type: none"> <li>○ The underwriter commits to buying a specific number of securities, regardless of whether they are subscribed.</li> </ul> </li> <li>● <b>Soft Underwriting:</b> <ul style="list-style-type: none"> <li>○ The underwriter only provides an assurance of effort but does not guarantee the purchase of unsold shares.</li> </ul> </li> </ul> <p><b>4. Key Participants in Underwriting</b></p> <ul style="list-style-type: none"> <li>● <b>Banks:</b> Often act as underwriters for large issues.</li> <li>● <b>Investment Firms:</b> Specialized in underwriting securities, particularly in IPOs.</li> <li>● <b>Insurance Companies:</b> Underwrite bonds or other debt instruments.</li> <li>● <b>Merchant Bankers:</b> Combine underwriting with advisory services.</li> </ul> <p><b>5. Regulatory Framework in India</b></p> <ul style="list-style-type: none"> <li>● Underwriters in India are regulated by the Securities and Exchange Board of India (SEBI).</li> <li>● SEBI mandates that underwriters must have adequate financial strength to meet their commitments.</li> <li>● SEBI also ensures transparency and accountability in underwriting activities.</li> </ul> <p><b>6. Importance of Underwriters in the Financial Market</b></p> <ul style="list-style-type: none"> <li>● Facilitates the smooth functioning of the capital market by reducing the risks associated with new issues.</li> <li>● Provides credibility to issuers, attracting more investors.</li> <li>● Helps maintain market stability by ensuring the success of public offerings.</li> </ul> <p>➤ <b>Exercise (5 minutes)</b></p> <p>1. <b>Questions from the Topic:</b></p> <ul style="list-style-type: none"> <li>○ <b>Q1:</b> What is the primary role of an underwriter in the primary market? <i>(Expected Answer: To guarantee the subscription of securities and reduce the issuer's risk.)</i></li> <li>○ <b>Q2:</b> Name two types of underwriting. <i>(Expected Answer: Full underwriting, Partial underwriting.)</i></li> <li>○ <b>Q3:</b> Who regulates underwriters in India? <i>(Expected Answer: Securities and Exchange Board of India (SEBI).)</i></li> </ul>
<p><b>Closure</b></p>	<ol style="list-style-type: none"> <li>1. Summarise the lesson learning outcomes and get affirmation from students on these.</li> <li>2. Suggested readings: Book 1, Ch. 6</li> <li>3. Homework: What is the difference between full underwriting and partial underwriting?</li> <li>4. Spend 5 minutes to wrap up and consolidate the learning</li> </ol>
<p><b>Evaluation</b></p>	<ol style="list-style-type: none"> <li>1. Reflective questions: Why is the role of an underwriter important in an IPO?</li> <li>2. Allow students to answer questions and discuss.</li> <li>3. Spend 5 minutes to evaluate student assimilation of the lesson contents.</li> </ol>



<b>Lesson Plan 3.5</b>	<b>Course Name: Financial Institutions and Markets</b> <b>Topic: Primary issues: Public issue</b>	<b>Course Code: BCMMJ-603</b>
<b>Objectives</b>	At the end of the lesson the student shall be able to: <ul style="list-style-type: none"><li>Analyse the primary issue</li><li>Examine the public issue</li></ul>	
<b>Teaching Aids (if any)</b>	<ul style="list-style-type: none"><li>Use of ICT</li></ul>	
<b>Teaching Development</b>	<p>➤ <b>Introduction (5 minutes)</b></p> <p>1. <b>Begin with Questions:</b></p> <ul style="list-style-type: none"><li><b>What is a primary issue?</b> <i>(Expected Answer: It refers to the issuance of new securities by a company to raise capital for the first time.)</i></li><li><b>What is a public issue?</b> <i>(Expected Answer: It is a type of primary issue where securities are offered to the public to subscribe.)</i></li><li><b>Can you name any recent public issues or IPOs in India?</b> <i>(Expected Answer: Participants may mention popular IPOs like Zomato, LIC, or Nykaa.)</i></li></ul> <p>2. <b>Brief Context:</b></p> <ul style="list-style-type: none"><li>Public issues are a key method for companies to raise funds directly from investors.</li><li>They are an essential part of the primary market and play a significant role in fuelling economic growth.</li></ul> <p>➤ <b>Development (30 minutes)</b></p> <p>1. <b>Definition of Public Issue</b></p> <ul style="list-style-type: none"><li>A <b>public issue</b> is when a company offers its securities (shares, bonds, or debentures) to the general public to raise funds.</li><li>It allows individuals, institutions, and foreign investors to become shareholders or creditors.</li></ul> <p>2. <b>Types of Public Issues</b></p> <ul style="list-style-type: none"><li><b>Initial Public Offering (IPO):</b><ul style="list-style-type: none"><li>The first-time offering of shares to the public by a private company transitioning to a public company.</li></ul></li><li><b>Follow-on Public Offering (FPO):</b><ul style="list-style-type: none"><li>An additional issuance of shares by an already publicly listed company.</li></ul></li><li><b>Offer for Sale (OFS):</b><ul style="list-style-type: none"><li>Promoters or large shareholders sell their existing shares to the public, with no fresh capital raised.</li></ul></li></ul> <p>3. <b>Key Steps in the Public Issue Process</b></p> <p>1. <b>Preparation:</b></p> <ul style="list-style-type: none"><li>The company appoints merchant bankers, legal advisors, and registrars to prepare for the issue.</li><li>A detailed draft prospectus is prepared and submitted to SEBI for approval.</li></ul> <p>2. <b>Approval:</b></p> <ul style="list-style-type: none"><li>SEBI reviews the draft prospectus to ensure transparency and regulatory compliance.</li></ul>	



	<p>3. <b>Pricing of Securities:</b></p> <ul style="list-style-type: none"><li>○ <b>Fixed Price Issue:</b> A predetermined price is offered to investors.</li><li>○ <b>Book Building Process:</b> The price is determined based on investor demand during the issue period.</li></ul> <p>4. <b>Marketing the Issue:</b></p> <ul style="list-style-type: none"><li>○ Roadshows, advertisements, and media campaigns are conducted to create awareness and attract investors.</li></ul> <p>5. <b>Subscription Period:</b></p> <ul style="list-style-type: none"><li>○ Investors apply for the securities within a specific period. Applications can be made through ASBA (Applications Supported by Blocked Amount) for efficient fund management.</li></ul> <p>6. <b>Allotment and Listing:</b></p> <ul style="list-style-type: none"><li>○ Securities are allotted based on demand, and the company is listed on the stock exchange, enabling secondary market trading.</li></ul> <p><b>4. Participants in a Public Issue</b></p> <ul style="list-style-type: none"><li>● <b>Issuer:</b> The company raising capital.</li><li>● <b>Merchant Banker (Lead Manager):</b> Oversees the process, including preparing the prospectus and marketing.</li><li>● <b>Underwriter:</b> Guarantees the subscription of securities.</li><li>● <b>Investors:</b> Retail, institutional, and foreign investors subscribing to the securities.</li><li>● <b>Registrar:</b> Manages applications, allotments, and refunds.</li></ul> <p><b>5. Importance of Public Issues</b></p> <ul style="list-style-type: none"><li>● <b>Capital Raising:</b> Enables companies to finance growth, innovation, and expansion.</li><li>● <b>Public Ownership:</b> Promotes public participation and ownership in businesses.</li><li>● <b>Economic Growth:</b> Mobilizes savings into productive investments.</li><li>● <b>Liquidity for Investors:</b> Listed securities offer opportunities for trading in the secondary market.</li></ul> <p><b>6. Regulatory Framework</b></p> <ul style="list-style-type: none"><li>● <b>Securities and Exchange Board of India (SEBI):</b> Regulates and monitors public issues to ensure transparency and protect investors.</li><li>● <b>Stock Exchanges:</b> Provide the platform for listing and trading securities.</li></ul> <p>➤ <b>Exercise (5 minutes)</b></p> <p>1. <b>Questions from the Topic:</b></p> <ul style="list-style-type: none"><li>○ <b>Q1:</b> What is the difference between an IPO and an FPO? <i>(Expected Answer: IPO is the first-time offering of shares to the public, while FPO is an additional issuance by an already listed company.)</i></li><li>○ <b>Q2:</b> What are the two methods of pricing securities in a public issue? <i>(Expected Answer: Fixed Price Issue and Book Building Process.)</i></li><li>○ <b>Q3:</b> Name the regulatory body that oversees public issues in India. <i>(Expected Answer: Securities and Exchange Board of India (SEBI).)</i></li></ul>
<b>Closure</b>	<ol style="list-style-type: none"><li>1. Summarise the lesson learning outcomes and get affirmation from students on these.</li><li>2. Suggested readings: Book 1, Ch. 6</li><li>3. Homework: Who is responsible for preparing the draft prospectus during a public issue?</li><li>4. Spend 5 minutes to wrap up and consolidate the learning</li></ol>
<b>Evaluation</b>	<ol style="list-style-type: none"><li>1. Reflective questions: What is the role of a registrar in a public issue?</li><li>2. Allow students to answer questions and discuss.</li></ol>



	3. Spend 5 minutes to evaluate student assimilation of the lesson contents.
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<b>Lesson Plan 3.6</b>	<b>Course Name: Financial Institutions and Markets</b> <b>Topic: Right issue, Private placement</b>	<b>Course Code: BCMMJ-603</b>
<b>Objectives</b>	At the end of the lesson the student shall be able to: <ul style="list-style-type: none"><li>• To analyse the right issue</li><li>• To elaborate the concept of private placement</li></ul>	
<b>Teaching Aids (if any)</b>	<ul style="list-style-type: none"><li>• Use of ICTs</li></ul>	
<b>Teaching Development</b>	<p><b>Introduction (5 minutes)</b></p> <ol style="list-style-type: none"><li><b>Begin with Questions:</b><ul style="list-style-type: none"><li>○ <b>What is a rights issue?</b> (Expected Answer: A method where a company offers additional shares to its existing shareholders.)</li><li>○ <b>What is private placement?</b> (Expected Answer: The sale of securities to a select group of investors rather than the public.)</li><li>○ <b>Why might a company choose these methods instead of a public issue?</b> (Expected Answer: To raise funds quickly, reduce costs, or target specific investors.)</li></ul></li><li><b>Brief Context:</b><ul style="list-style-type: none"><li>○ Rights issues and private placements are alternative ways for companies to raise capital.</li><li>○ They are often used when a public issue is not the most suitable or feasible option.</li></ul></li></ol> <p>➤ <b>Development (30 minutes)</b></p> <p><b>Objective:</b> Provide detailed explanations of the rights issue and private placement, their processes, benefits, and implications.</p> <p><b>1. Rights Issue</b></p> <ul style="list-style-type: none"><li>• <b>Definition:</b><ul style="list-style-type: none"><li>○ A <b>rights issue</b> is when a company offers additional shares to its existing shareholders in proportion to their existing holdings, usually at a discounted price.</li></ul></li><li>• <b>Key Features:</b><ul style="list-style-type: none"><li>○ Only available to existing shareholders.</li><li>○ Shareholders have the right, but not the obligation, to subscribe.</li><li>○ Offered at a price lower than the market value.</li></ul></li><li>• <b>Process of a Rights Issue:</b><ol style="list-style-type: none"><li>1. The company announces the rights issue and sets a record date to identify eligible shareholders.</li><li>2. Eligible shareholders receive a rights entitlement.</li><li>3. Shareholders can:<ul style="list-style-type: none"><li>▪ Subscribe fully or partially.</li><li>▪ Sell their rights entitlement in the market.</li><li>▪ Ignore the offer.</li></ul></li><li>4. The company allocates shares based on applications received.</li></ol></li><li>• <b>Advantages of a Rights Issue:</b><ul style="list-style-type: none"><li>○ Cost-effective way to raise capital compared to public issues.</li><li>○ Maintains control within the existing shareholder base.</li></ul></li></ul>	

- Improves a company's equity base without increasing debt.

- **Disadvantages:**

- May dilute existing share value if shareholders do not subscribe.
- Perception of financial distress if overused.

## 2. Private Placement

- **Definition:**

- A **private placement** is the sale of securities to a select group of investors (e.g., institutional investors, HNIs) instead of the general public.

- **Key Features:**

- Limited to a small number of investors.
- Securities are often sold at a negotiated price.
- Typically, faster and involves lower regulatory requirements.

- **Types of Private Placements:**

- **Preferential Allotment:** Issuance of shares to select investors.
- **Qualified Institutional Placement (QIP):** Issuance to Qualified Institutional Buyers (QIBs) like mutual funds or insurance companies.

- **Process of Private Placement:**

1. The company identifies target investors.
2. Negotiates terms and conditions, including pricing and volume.
3. Completes necessary regulatory filings and disclosures.
4. Issues securities to the selected investors.

- **Advantages of Private Placement:**

- Quick access to capital.
- Maintains confidentiality compared to public issues.
- Attracts strategic or institutional investors.

- **Disadvantages:**

- Limited investor base may reduce the amount raised.
- Securities are less liquid compared to those issued publicly.

## 3. Differences Between Rights Issue and Private Placement

Aspect	Rights Issue	Private Placement
Target Audience	Existing shareholders	Selected group of investors
Pricing	Discounted price for shareholders	Negotiated price
Process	Involves offering rights to shareholders	Direct issuance to a limited group
Purpose	To raise capital while rewarding loyalty	To quickly raise funds from select investors

➤ **Exercise (5 minutes)**

1. **Questions from the Topic:**

- **Q1:** What is the primary difference between a rights issue and a private placement?  
(Expected Answer: Rights issue targets existing shareholders, while private placement targets selected investors.)
- **Q2:** Can a shareholder sell their entitlement during a rights issue?  
(Expected Answer: Yes, they can trade their rights entitlement in the market.)
- **Q3:** Name one advantage of a private placement over a public issue.  
(Expected Answer: Faster and involves fewer regulatory requirements.)



<b>Closure</b>	<ol style="list-style-type: none"><li>1. Summarise the lesson learning outcomes and get affirmation from students on these.</li><li>2. Suggested readings: Book 1, Ch. 6</li><li>3. Homework: Which method is more suitable for attracting institutional investors: rights issue or private placement?</li><li>4. Spend 5 minutes to wrap up and consolidate the learning</li></ol>
<b>Evaluation</b>	<ol style="list-style-type: none"><li>1. Reflective questions: What happens if shareholders do not subscribe to a rights issue?</li><li>2. Allow students to answer questions and discuss.</li><li>3. Spend 5 minutes to evaluate student assimilation of the lesson contents.</li></ol>



<b>Lesson Plan 3.7</b>	<b>Course Name: Financial Institutions and Markets</b> <b>Topic: Bonus, Preferential issue</b>	<b>Course Code: BCMMJ-603</b>
<b>Objectives</b>	At the end of the lesson the student shall be able to: <ul style="list-style-type: none"><li>To examine the concept and relevance of bonus issue</li><li>To analyse the preferential issue</li></ul>	
<b>Teaching Aids (if any)</b>	<ul style="list-style-type: none"><li>Use of ICT</li></ul>	
<b>Teaching Development</b>	<p>➤ <b>Introduction (5 minutes)</b></p> <p>1. <b>Begin with Questions:</b></p> <ul style="list-style-type: none"><li>What is a bonus issue?</li><li>What is a preferential issue?</li><li>Why might a company issue bonus shares or go for a preferential issue instead of a public issue?</li></ul> <p>➤ <b>Development (30 minutes)</b></p> <p><b>1. Bonus Issue</b></p> <ul style="list-style-type: none"><li><b>Definition:</b><ul style="list-style-type: none"><li>A <b>bonus issue</b> is when a company distributes additional shares to its existing shareholders without charging them. It is usually done by capitalizing the company's reserves or surplus.</li></ul></li><li><b>Key Features:</b><ul style="list-style-type: none"><li>Issued in a specific ratio (e.g., 1:2, meaning one bonus share for every two shares held).</li><li>Does not involve cash flow as it is a book adjustment.</li></ul></li><li><b>Process of a Bonus Issue:</b><ol style="list-style-type: none"><li>The company announces the bonus issue and determines the ratio.</li><li>It passes a resolution in a board meeting or general meeting.</li><li>Approval is obtained from regulatory authorities (if applicable).</li><li>The shares are credited to the shareholders' accounts.</li></ol></li><li><b>Advantages of a Bonus Issue:</b><ul style="list-style-type: none"><li>Rewards loyal shareholders.</li><li>Increases the liquidity of shares in the market.</li><li>Signals strong financial health of the company.</li></ul></li><li><b>Disadvantages:</b><ul style="list-style-type: none"><li>No immediate financial gain for shareholders.</li><li>Earnings per share (EPS) may decrease due to an increase in the number of shares.</li></ul></li></ul> <p><b>2. Preferential Issue</b></p> <ul style="list-style-type: none"><li><b>Definition:</b><ul style="list-style-type: none"><li>A <b>preferential issue</b> is when a company offers shares to a select group of investors, often at a predetermined price, which could be higher or lower than the market price.</li></ul></li><li><b>Key Features:</b><ul style="list-style-type: none"><li>Offered to a limited number of investors, such as promoters, institutional investors, or high-net-worth individuals (HNIs).</li><li>Securities can include shares, convertible debentures, or other instruments.</li></ul></li><li><b>Process of a Preferential Issue:</b></li></ul>	



	<ol style="list-style-type: none"> <li>1. The company identifies potential investors and negotiates terms.</li> <li>2. It seeks approval from shareholders through a special resolution.</li> <li>3. It complies with regulatory requirements (e.g., SEBI guidelines in India).</li> <li>4. The securities are issued to the selected investors.</li> </ol> <ul style="list-style-type: none"> <li>• <b>Advantages of a Preferential Issue:</b> <ul style="list-style-type: none"> <li>○ Quick way to raise funds for urgent needs.</li> <li>○ Can attract strategic or institutional investors.</li> <li>○ Reduces dependence on public issues.</li> </ul> </li> <li>• <b>Disadvantages:</b> <ul style="list-style-type: none"> <li>○ May dilute existing shareholders' ownership.</li> <li>○ Often viewed as favouring certain investors, which could lead to dissatisfaction among other shareholders.</li> </ul> </li> </ul> <p><b>3. Differences Between Bonus and Preferential Issues</b></p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;">Aspect</th> <th style="text-align: left;">Bonus Issue</th> <th style="text-align: left;">Preferential Issue</th> </tr> </thead> <tbody> <tr> <td><b>Purpose</b></td> <td>To reward existing shareholders</td> <td>To raise funds from select investors</td> </tr> <tr> <td><b>Target Audience</b></td> <td>Existing shareholders</td> <td>Select group of investors</td> </tr> <tr> <td><b>Cash Flow Impact</b></td> <td>No cash inflow</td> <td>Generates cash inflow for the company</td> </tr> <tr> <td><b>Regulatory Approval</b></td> <td>Minimal, as it is a book adjustment</td> <td>Requires shareholder and regulatory approvals</td> </tr> </tbody> </table> <p>➤ <b>Exercise (5 minutes)</b></p> <ol style="list-style-type: none"> <li>1. <b>Questions from the Topic:</b> <ul style="list-style-type: none"> <li>○ <b>Q1:</b> What is the main purpose of a bonus issue? <i>(Expected Answer: To reward existing shareholders by giving them additional shares at no cost.)</i></li> <li>○ <b>Q2:</b> How does a company finance a bonus issue? <i>(Expected Answer: By capitalizing reserves or surplus.)</i></li> <li>○ <b>Q3:</b> Who are the typical investors in a preferential issue? <i>(Expected Answer: Select investors like promoters, institutional investors, or HNIs.)</i></li> </ul> </li> </ol> <hr/> <p>This explanation ensures clarity, engagement, and a comprehensive understanding of the topics. Let me know if you'd like to add examples, visuals, or real-life case studies!</p>	Aspect	Bonus Issue	Preferential Issue	<b>Purpose</b>	To reward existing shareholders	To raise funds from select investors	<b>Target Audience</b>	Existing shareholders	Select group of investors	<b>Cash Flow Impact</b>	No cash inflow	Generates cash inflow for the company	<b>Regulatory Approval</b>	Minimal, as it is a book adjustment	Requires shareholder and regulatory approvals
Aspect	Bonus Issue	Preferential Issue														
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<p><b>Closure</b></p>	<ol style="list-style-type: none"> <li>1. Summarise the lesson learning outcomes and get affirmation from students on these.</li> <li>2. Suggested readings: Book 1, Ch. 1</li> <li>3. Homework: Can a preferential issue include convertible debentures?</li> <li>4. Spend 5 minutes to wrap up and consolidate the learning</li> </ol>															
<p><b>Evaluation</b></p>	<ol style="list-style-type: none"> <li>1. Reflective questions: What is a common disadvantage of both bonus and preferential issues? Allow students to answer questions and discuss.</li> <li>2. Spend 5 minutes to evaluate student assimilation of the lesson contents.</li> </ol>															



<b>Lesson Plan 3.8</b>	<b>Course Name: Financial Institutions and Markets</b> <b>Topic: Process of offering new issues to the public: Book building</b>	<b>Course Code: BCMMJ-603</b>
<b>Objectives</b>	At the end of the lesson the student shall be able to: <ul style="list-style-type: none"><li>• Explain the process of offering new issues to the public.</li><li>• Analyse the process of book building</li></ul>	
<b>Teaching Aids (if any)</b>	<ul style="list-style-type: none"><li>• Use of ICT</li></ul>	
<b>Teaching Development</b>	<p>➤ <b>Introduction (5 minutes)</b></p> <p><b>Objective:</b> Introduce the concept of book building and engage the audience with questions.</p> <ol style="list-style-type: none"><li><b>1. Begin with Questions:</b><ul style="list-style-type: none"><li>○ <b>What is an IPO (Initial Public Offering)?</b> <i>(Expected Answer: When a company offers its shares to the public for the first time to raise capital.)</i></li><li>○ <b>What is book building in the context of issuing new shares?</b> <i>(Expected Answer: A process used to determine the price of securities based on investor demand.)</i></li><li>○ <b>Why might companies use book building instead of fixed pricing?</b> <i>(Expected Answer: To gauge investor interest and maximize the chances of a successful issue.)</i></li></ul></li><li><b>2. Brief Context:</b><ul style="list-style-type: none"><li>○ Book building is a dynamic pricing mechanism used in the capital market.</li><li>○ It is a more transparent and market-driven method compared to fixed-price issues.</li></ul></li></ol> <p>➤ <b>Development (30 minutes)</b></p> <ol style="list-style-type: none"><li><b>1. What is Book Building?</b><ul style="list-style-type: none"><li>• <b>Definition:</b><ul style="list-style-type: none"><li>○ A process of price discovery where the price of securities is determined based on bids received from institutional and retail investors.</li><li>○ The issuer sets a price band, and investors place bids within this range.</li></ul></li><li>• <b>Purpose:</b><ul style="list-style-type: none"><li>○ To gauge demand for the securities.</li><li>○ To ensure fair and efficient pricing.</li></ul></li></ul></li><li><b>2. Key Participants in Book Building</b><ul style="list-style-type: none"><li>• <b>Issuer:</b> The company offering the shares.</li><li>• <b>Merchant Bankers/Book Runners:</b> Manage the process and collect bids from investors.</li><li>• <b>Institutional Investors:</b> Large investors, such as mutual funds, insurance companies, and foreign institutional investors (FIIs).</li><li>• <b>Retail Investors:</b> Individual investors who also participate in the bidding process.</li></ul></li><li><b>3. Process of Book Building</b><ol style="list-style-type: none"><li><b>1. Appointment of Book Runners:</b><ul style="list-style-type: none"><li>○ The issuer appoints merchant bankers or lead managers (book runners) to handle the book-building process.</li></ul></li><li><b>2. Preparation of Draft Prospectus:</b></li></ol></li></ol>	



- A draft red herring prospectus (DRHP) is prepared and submitted to SEBI for approval.
- The document contains details about the company, its financials, and the price band.
- 3. **Setting the Price Band:**
  - The issuer, in consultation with the book runners, determines the price band (e.g., ₹100-₹120).
- 4. **Bidding Process:**
  - Investors place bids within the price band for a specified quantity of shares.
  - Each bid includes:
    - Bid quantity (number of shares).
    - Bid price (within the price band).
  - Institutional investors may revise their bids during the bidding period.
- 5. **Closure of Book:**
  - Once the bidding period ends, the book runners evaluate the bids and determine the final issue price based on demand.
- 6. **Allocation of Shares:**
  - Shares are allocated to investors as per SEBI guidelines:
    - A portion is reserved for institutional investors, retail investors, and high-net-worth individuals (HNIs).
- 7. **Listing on Stock Exchange:**
  - The shares are listed on the stock exchange for trading after the allotment process is complete.
- 4. **Advantages of Book Building**
  - **Efficient Price Discovery:** Ensures the price reflects market demand.
  - **Transparency:** The bidding process is visible to all stakeholders.
  - **Flexibility for Investors:** Investors can bid at different prices within the band.
  - **Better Success Rate:** Ensures adequate demand for the issue.
- 5. **Disadvantages of Book Building**
  - **Complexity:** The process can be more complicated compared to fixed-price issues.
  - **Cost:** Higher costs due to fees for merchant bankers and advertising.
  - **Risk of Undersubscription:** If demand is low, the issue may fail or require adjustments in pricing.
- **Exercise (5 minutes)**
- 1. **Questions from the Topic:**
  - **Q1:** (Expected Answer: To discover the price of securities based on investor demand.)
  - **Q2:** What is a price band in book building?  
(Expected Answer: A range of prices within which investors can place their bids.)
  - **Q3:** Who are the key participants in the book-building process?  
(Expected Answer: Issuer, merchant bankers, institutional investors, and retail investors.)
  - **Q4:** What happens after the bidding process is completed?  
(Expected Answer: The book runners evaluate the bids, determine the final issue price, and allocate shares.)



<b>Closure</b>	<ol style="list-style-type: none"><li>1. Summarise the lesson learning outcomes and get affirmation from students on these.</li><li>2. Suggested readings: Book 1, Ch.6</li><li>3. Homework: What is the primary purpose of book building?</li><li>4. Spend 5 minutes to wrap up and consolidate the learning</li></ol>
<b>Evaluation</b>	<ol style="list-style-type: none"><li>1. Reflective questions: Name one advantage and one disadvantage of book building.</li><li>2. Allow students to answer questions and discuss.</li><li>3. Spend 5 minutes to evaluate student assimilation of the lesson contents.</li></ol>



<b>Lesson Plan 3.9</b>	<b>Course Name: Financial Institutions and Markets</b> <b>Topic: Online IPOs and FPOs</b>	<b>Course Code:</b> <b>BCMMJ-603</b>
<b>Objectives</b>	At the end of the lesson the student shall be able to: <ul style="list-style-type: none"><li>• Explain in detail IPOs</li><li>• Analyse in detail FPOs</li></ul>	
<b>Teaching Aids (if any)</b>	<ul style="list-style-type: none"><li>• Use of ICT</li></ul>	
<b>Teaching Development</b>	<p>➤ <b>Introduction (5 minutes)</b></p> <p>1. <b>Begin with Questions:</b></p> <ul style="list-style-type: none"><li>○ <b>What is an IPO (Initial Public Offering)?</b> (Expected Answer: The first sale of shares by a company to the public to raise funds.)</li><li>○ <b>What is an FPO (Follow-on Public Offering)?</b> (Expected Answer: When an already listed company issues additional shares to the public.)</li><li>○ <b>What does "online" mean in the context of IPOs and FPOs?</b> (Expected Answer: The process of applying for shares is done electronically via platforms provided by brokers or exchanges.)</li><li>○ <b>What is book building?</b> (Expected Answer: A process for price discovery during an IPO or FPO based on demand from investors.)</li></ul> <p>➤ <b>Development (30 minutes)</b></p> <p><b>Objective:</b> Explain the details of online IPOs and FPOs, the book-building process, and their benefits.</p> <p><b>1. What are Online IPOs and FPOs?</b></p> <ul style="list-style-type: none"><li>• <b>Definition of Online IPOs:</b><ul style="list-style-type: none"><li>○ Investors can apply for shares of a company going public through digital platforms.</li><li>○ Applications are submitted via brokers, trading apps, or directly on the stock exchange website.</li></ul></li><li>• <b>Definition of Online FPOs:</b><ul style="list-style-type: none"><li>○ Existing public companies issue additional shares to raise funds, using the same digital platforms.</li></ul></li></ul> <p><b>2. What is Book Building?</b></p> <ul style="list-style-type: none"><li>• <b>Definition:</b><ul style="list-style-type: none"><li>○ A price discovery mechanism where bids are collected from investors, and the final price is determined based on demand.</li></ul></li><li>• <b>Key Features:</b><ul style="list-style-type: none"><li>○ A price band is announced (e.g., ₹100-₹120 per share).</li><li>○ Investors bid for shares within this range.</li><li>○ The final issue price is decided based on demand and supply dynamics.</li></ul></li></ul> <p><b>3. Process of Online IPOs and FPOs Using Book Building</b></p> <p>1. <b>Preparation:</b></p> <ul style="list-style-type: none"><li>○ The company files a draft red herring prospectus (DRHP) with SEBI and exchanges, outlining the offer details.</li><li>○ A price band is decided.</li></ul> <p>2. <b>Online Application:</b></p>	



	<ul style="list-style-type: none"> <li>○ Investors log in to their brokerage or trading account.</li> <li>○ They navigate to the IPO/FPO section and view the available offers.</li> <li>○ Bids are placed by specifying:             <ul style="list-style-type: none"> <li>▪ Number of shares.</li> <li>▪ Bid price (within the price band).</li> </ul> </li> </ul> <p><b>3. Bidding Period:</b></p> <ul style="list-style-type: none"> <li>○ The bidding window is usually open for 3-5 days.</li> <li>○ Investors can modify or cancel their bids during this period.</li> </ul> <p><b>4. Closure and Price Discovery:</b></p> <ul style="list-style-type: none"> <li>○ The book runners analyze the bids and finalize the issue price.</li> <li>○ If demand exceeds supply, allotment is done on a pro-rata basis.</li> </ul> <p><b>5. Allotment and Listing:</b></p> <ul style="list-style-type: none"> <li>○ Shares are allotted electronically to investors.</li> <li>○ The company lists the shares on the stock exchange for trading.</li> </ul> <p><b>4. Benefits of Online IPOs and FPOs Using Book Building</b></p> <ul style="list-style-type: none"> <li>• <b>For Investors:</b> <ul style="list-style-type: none"> <li>○ Convenience of applying from anywhere.</li> <li>○ Transparency in the bidding and allotment process.</li> <li>○ Access to detailed company information.</li> </ul> </li> <li>• <b>For Companies:</b> <ul style="list-style-type: none"> <li>○ Faster and more efficient fundraising.</li> <li>○ Real-time tracking of demand.</li> <li>○ Ensures fair price discovery.</li> </ul> </li> </ul> <p><b>5. Challenges in Online IPOs and FPOs</b></p> <ul style="list-style-type: none"> <li>• <b>Technical Glitches:</b> Platform downtime during peak bidding periods.</li> <li>• <b>Limited Awareness:</b> Not all investors are familiar with the online bidding process.</li> <li>• <b>Bid Rejection Risks:</b> Errors in bidding (e.g., incorrect price or quantity).</li> </ul> <p>➤ <b>Exercise (5 minutes)</b></p> <p><b>1. Questions from the Topic:</b></p> <ul style="list-style-type: none"> <li>○ <b>Q1:</b> What is the key difference between an IPO and an FPO? <i>(Expected Answer: IPO is the first sale of shares by a company, while FPO is the sale of additional shares by an already listed company.)</i></li> <li>○ <b>Q2:</b> How is the final issue price determined in book building? <i>(Expected Answer: Based on demand from investors during the bidding process.)</i></li> <li>○ <b>Q3:</b> Name one benefit of applying for an IPO online. <i>(Expected Answer: Convenience and transparency.)</i></li> <li>○ <b>Q4:</b> What happens if the demand for shares exceeds the number available? <i>(Expected Answer: Allotment is done on a pro-rata basis.)</i></li> <li>○ <b>Q5:</b> <i>(Expected Answer: Draft red herring prospectus (DRHP).)</i></li> </ul>
<p><b>Closure</b></p>	<ol style="list-style-type: none"> <li>1. Summarise the lesson learning outcomes and get affirmation from students on these.</li> <li>2. Suggested readings: Book 1, Ch.6</li> <li>3. Homework: What is the key difference between an IPO and an FPO?</li> <li>4. Spend 5 minutes to wrap up and consolidate the learning</li> </ol>
<p><b>Evaluation</b></p>	<ol style="list-style-type: none"> <li>1. Reflective questions: What document outlines the details of an IPO or FPO?</li> <li>2. Allow students to answer questions and discuss.</li> <li>3. Spend 5 minutes to evaluate student assimilation of the lesson contents.</li> </ol>



# Model Institute of Engineering & Technology (Autonomous) Lesson Plan

Kot, Bhalwal, Jammu

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<b>Lesson Plan</b> 3.10	<b>Course Name: Financial Institutions and Markets</b> <b>Topic: Private Equity Market</b>	<b>Course Code:</b> <b>BCMMJ-603</b>
<b>Objectives</b>	At the end of the lesson the student shall be able to: <ul style="list-style-type: none"><li>• Elaborate the concept of private equity market</li><li>• Differentiate between private equity market</li></ul>	
<b>Teaching Aids (if any)</b>	<ul style="list-style-type: none"><li>• Use of ICT</li></ul>	
<b>Teaching Development</b>	<p><b>Introduction (5 minutes)</b></p> <ol style="list-style-type: none"><li>1. <b>Begin with Questions:</b><ul style="list-style-type: none"><li>○ <b>What is private equity?</b></li><li>○ <b>How does it differ from public equity?</b></li><li>○ <b>Why might companies seek private equity investments?</b></li></ul></li></ol> <p><b>Development (30 minutes)</b></p> <ol style="list-style-type: none"><li>1. <b>What is the Private Equity Market?</b><ul style="list-style-type: none"><li>• <b>Definition:</b><ul style="list-style-type: none"><li>○ The private equity market involves investments in companies that are not listed on a public stock exchange.</li><li>○ It includes a variety of strategies, such as venture capital, growth equity, leveraged buyouts, and distressed investments.</li></ul></li><li>• <b>Purpose:</b><ul style="list-style-type: none"><li>○ To provide capital to companies for expansion, restructuring, or strategic goals.</li><li>○ To generate high returns for investors over the medium to long term.</li></ul></li></ul></li><li>2. <b>Key Participants in the Private Equity Market</b><ul style="list-style-type: none"><li>• <b>Private Equity Firms:</b> Organizations that manage private equity funds.</li><li>• <b>Investors:</b> Institutional investors (e.g., pension funds, sovereign wealth funds) and high-net-worth individuals.</li><li>• <b>Portfolio Companies:</b> Companies that receive private equity investments.</li></ul></li><li>3. <b>Types of Private Equity Investments</b><ul style="list-style-type: none"><li>• <b>Venture Capital:</b><ul style="list-style-type: none"><li>○ Investments in early-stage startups with high growth potential.</li></ul></li><li>• <b>Growth Equity:</b><ul style="list-style-type: none"><li>○ Capital provided to established companies to scale operations or enter new markets.</li></ul></li><li>• <b>Buyouts:</b><ul style="list-style-type: none"><li>○ Acquiring a controlling stake in a company, often with the intent of restructuring and eventually selling it at a profit.</li></ul></li><li>• <b>Distressed Investments:</b><ul style="list-style-type: none"><li>○ Investing in companies in financial difficulty, aiming to turn them around.</li></ul></li></ul></li><li>4. <b>Process of Private Equity Investment</b><ol style="list-style-type: none"><li>1. <b>Fundraising:</b><ul style="list-style-type: none"><li>○ Private equity firms raise capital from institutional investors and HNWIs.</li></ul></li><li>2. <b>Deal Sourcing:</b><ul style="list-style-type: none"><li>○ Identifying and evaluating potential companies for investment.</li></ul></li><li>3. <b>Due Diligence:</b></li></ol></li></ol>	



	<ul style="list-style-type: none"><li>○ Assessing the company's financials, operations, and growth potential.</li></ul> <p>4. <b>Investment:</b></p> <ul style="list-style-type: none"><li>○ Providing capital in exchange for equity or convertible instruments.</li></ul> <p>5. <b>Value Creation:</b></p> <ul style="list-style-type: none"><li>○ Actively managing the portfolio company to improve performance and profitability.</li></ul> <p>6. <b>Exit:</b></p> <ul style="list-style-type: none"><li>○ Selling the investment through IPOs, mergers, or acquisitions to realize returns.</li></ul> <p>5. <b>Benefits of Private Equity</b></p> <ul style="list-style-type: none"><li>• <b>For Companies:</b><ul style="list-style-type: none"><li>○ Access to significant capital.</li><li>○ Strategic guidance and expertise from private equity firms.</li></ul></li><li>• <b>For Investors:</b><ul style="list-style-type: none"><li>○ Potential for high returns.</li><li>○ Diversification of investment portfolios.</li></ul></li></ul> <p>6. <b>Challenges in Private Equity</b></p> <ul style="list-style-type: none"><li>• <b>Illiquidity:</b> Investments are locked in for long periods.</li><li>• <b>High Risk:</b> Investments in startups or distressed companies may not yield returns.</li><li>• <b>Complex Transactions:</b> Requires extensive due diligence and negotiation.</li></ul> <p><b>Exercise (5 minutes)</b></p> <p>1. <b>Questions from the Topic:</b></p> <p><b>Q1:</b> What is the primary difference between private equity and public equity?</p> <p><b>Q2:</b> Who are the main investors in private equity funds? (Expected Answer: Institutional investors and high-net-worth individuals.)</p> <p><b>Q3s:</b> Mention one advantage and one challenge of private equity investments. (Expected Answer: Advantage: High return potential. Challenge: Illiquidity.)</p>
<b>Closure</b>	<ol style="list-style-type: none"><li>1. Summarise the lesson learning outcomes and get affirmation from students on these.</li><li>2. Suggested readings: Book 1, Ch. 6</li><li>3. Homework: What is the typical exit strategy for private equity investments?</li><li>4. Spend 5 minutes to wrap up and consolidate the learning</li></ol>
<b>Evaluation</b>	<ol style="list-style-type: none"><li>1. Reflective questions: Name two types of private equity investments.</li><li>2. Allow students to answer questions and discuss.</li><li>3. Spend 5 minutes to evaluate student assimilation of the lesson contents.</li></ol>



<b>Lesson Plan 4.1</b>	<b>Course Name: Financial Institutions and Markets</b> <b>Topic: Secondary Market – Role of a Stock Exchange</b>	<b>Course Code: BCMMJ-603</b>
<b>Objectives</b>	At the end of the lesson the student shall be able to: <ul style="list-style-type: none"><li>• Elaborate the role of a stock exchange</li><li>• Analyse the regulatory oversight of SEBIs</li></ul>	
<b>Teaching Aids (if any)</b>	<ul style="list-style-type: none"><li>• Use of ICT</li></ul>	
<b>Teaching Development</b>	<p>➤ <b>Introduction (5 minutes)</b></p> <ol style="list-style-type: none"><li>1. What do you understand by the term Secondary Market?</li><li>2. How does a stock exchange help investors buy and sell shares?</li><li>3. Can you name some major stock exchanges in India?</li><li>4. What is the difference between the Primary Market and the Secondary Market?</li></ol> <p>➤ <b>Development (30 minutes)</b></p> <p><b>1. Understanding the Secondary Market</b></p> <ul style="list-style-type: none"><li>• The Secondary Market is where previously issued securities (shares, bonds, etc.) are bought and sold among investors.</li><li>• It provides liquidity to investors and enables price discovery.</li><li>• Transactions take place through stock exchanges like BSE and NSE.</li></ul> <p><b>2. Role of a Stock Exchange</b></p> <p>Stock exchanges serve several important functions in the secondary market:</p> <p><b>a) Facilitates Trading of Securities</b></p> <ul style="list-style-type: none"><li>• Acts as a marketplace where investors buy and sell shares.</li><li>• Ensures fair price discovery through supply and demand.</li></ul> <p><b>b) Provides Liquidity</b></p> <ul style="list-style-type: none"><li>• Investors can easily convert shares into cash.</li><li>• High trading volumes mean fast execution of trades.</li></ul> <p><b>c) Ensures Transparency and Fairness</b></p> <ul style="list-style-type: none"><li>• Stock exchanges use electronic trading systems to ensure transparent transactions.</li><li>• Companies must comply with disclosure norms and financial reporting standards.</li></ul> <p><b>d) Regulatory Oversight and Investor Protection</b></p> <ul style="list-style-type: none"><li>• Securities and Exchange Board of India (SEBI) regulates stock exchanges to prevent fraud and market manipulation.</li><li>• Protects investors through rules on insider trading, fair pricing, and corporate governance.</li></ul> <p><b>e) Facilitates Economic Growth</b></p> <ul style="list-style-type: none"><li>• Helps companies raise funds indirectly as investors trade shares.</li><li>• Encourages domestic and foreign investments in Indian companies.</li></ul> <p><b>f) Introduction of New Financial Instruments</b></p> <ul style="list-style-type: none"><li>• Stock exchanges allow trading in equities, bonds, derivatives, ETFs, and mutual funds.</li><li>• Introduction of futures and options (F&amp;O) trading provides hedging opportunities.</li></ul> <p><b>g) Global Integration and Digital Revolution</b></p> <ul style="list-style-type: none"><li>• Indian stock exchanges are integrated with global markets, attracting Foreign Institutional Investors (FIIs)</li><li>• Rise of online trading platforms like Zerodha, Groww, and Upstox makes stock trading easier.</li></ul> <p>➤ <b>Exercise (5 minutes)</b></p>	



	<p>Ask students the following questions to reinforce learning:</p> <ol style="list-style-type: none"><li>1. What is the main difference between the primary market and the secondary market?</li><li>2. Name two major stock exchanges in India.</li><li>3. How does a stock exchange ensure transparency in transactions?</li></ol>
<b>Closure</b>	<ol style="list-style-type: none"><li>1. Summarise the lesson learning outcomes and get affirmation from students on these.</li><li>2. Suggested readings: Book 1, Ch 8 and Book 2, Ch 8</li><li>3. Homework: Which regulatory body oversees the functioning of stock exchanges in India?</li><li>4. Spend 5 minutes to wrap up and consolidate the learning</li></ol>
<b>Evaluation</b>	<ol style="list-style-type: none"><li>1. Reflective questions: What role does a stock exchange play in providing liquidity to investors?</li><li>2. Allow students to answer questions and discuss.</li><li>3. Spend 5 minutes to evaluate student assimilation of the lesson contents.</li></ol>



<b>Lesson Plan 4.2</b>	<b>Course Name: Financial Institutions and Markets</b> <b>Topic: Stock Exchanges of India: BSE</b>	<b>Course Code: BCMMJ-603</b>
<b>Objectives</b>	At the end of the lesson the student shall be able to: <ul style="list-style-type: none"><li>• Explain the functions of stock exchange</li><li>• Analyse the role of BSE</li></ul>	
<b>Teaching Aids (if any)</b>	<ul style="list-style-type: none"><li>• Use of ICT</li></ul>	
<b>Teaching Development</b>	<p>➤ <b>Introduction (5 minutes)</b></p> <ol style="list-style-type: none"><li>1. Have you heard of BSE (Bombay Stock Exchange)?</li><li>2. What do you think happens in a stock exchange?</li><li>3. Why do companies list their shares on an exchange like BSE?</li><li>4. How does BSE help investors?</li></ol> <p>➤ <b>Development (30 minutes)</b></p> <p><b>1. What is BSE?</b></p> <ul style="list-style-type: none"><li>• BSE (Bombay Stock Exchange) is the oldest stock exchange in Asia, established in 1875.</li><li>• Located in Mumbai, it plays a major role in India's capital market.</li><li>• Provides a platform for trading stocks, derivatives, bonds, mutual funds, and ETFs.</li><li>• Competes with NSE (National Stock Exchange) in terms of trading volume and efficiency.</li></ul> <p><b>2. History and Growth of BSE</b></p> <ul style="list-style-type: none"><li>• 1850s: Early informal stock trading begins in India.</li><li>• 1875: BSE was formally established as "The Native Share &amp; Stockbrokers' Association."</li><li>• 1956: Recognized as the first stock exchange under the Securities Contracts Regulation Act.</li><li>• 1995: Shifted from floor-based trading to electronic trading (BOLT - BSE Online Trading system).</li><li>• <b>2017:</b> BSE became India's first publicly listed stock exchange.</li></ul> <p><b>3. Key Functions of BSE</b></p> <p>Facilitates Stock Trading – Provides a transparent market for buying and selling shares. Ensures Liquidity – Investors can easily convert stocks into cash. Price Discovery – Determines fair prices based on demand and supply. Regulatory Compliance – Companies must follow SEBI's guidelines to list and trade. Investor Protection – Provides a secure and fair-trading environment.</p> <p><b>4. Major Indices of BSE</b></p> <p>BSE has various indices that represent market performance:</p> <ul style="list-style-type: none"><li>• <b>SENSEX (Sensitive Index)</b> – India's most popular stock market index, tracking the top 30 companies.</li><li>• <b>BSE 100, BSE 200, and BSE 500</b> – Covering broader segments of the stock market.</li><li>• <b>Sectoral Indices</b> – Focused on specific industries like banking, IT, healthcare, etc.</li></ul> <p><b>5. Trading Mechanism on BSE</b></p> <ul style="list-style-type: none"><li>• <b>BOLT (BSE Online Trading system)</b> enables electronic trading.</li><li>• <b>T+1 settlement cycle</b> ensures faster transaction settlements.</li></ul>	



	<ul style="list-style-type: none"><li>• Investors can trade in equities, derivatives, mutual funds, and debt instruments.</li></ul> <p><b>6. Role of BSE in Indian Economy</b></p> <ul style="list-style-type: none"><li>• Encourages capital formation by helping businesses raise funds.</li><li>• Attracts domestic and foreign investors.</li><li>• Boosts economic growth by facilitating investments in companies.</li></ul> <p>➤ <b>Exercise (5 minutes)</b></p> <ol style="list-style-type: none"><li>1. What does BSE stand for, and when was it established?</li><li>2. What is the full form of SENSEX?</li><li>3. How does BSE help companies and investors?</li></ol>
<b>Closure</b>	<ol style="list-style-type: none"><li>1. Summarise the lesson learning outcomes and get affirmation from students on these.</li><li>2. Suggested readings: Book 1, Ch. 8</li><li>3. Homework: What is the difference between BSE and NSE?</li><li>4. Spend 5 minutes to wrap up and consolidate the learning</li></ol>
<b>Evaluation</b>	<ol style="list-style-type: none"><li>1. Reflective questions: What is the name of the electronic trading system used by BSE?</li><li>2. Allow students to answer questions and discuss.</li><li>3. Spend 5 minutes to evaluate student assimilation of the lesson contents.</li></ol>



<b>Lesson Plan 4.3</b>	<b>Course Name: Financial Institutions and Markets</b> <b>Topic: National Stock Exchange</b>	<b>Course Code: BCMMJ-603</b>
<b>Objectives</b>	At the end of the lesson the student shall be able to: <ul style="list-style-type: none"><li>Analyse the financial instruments used in NSE</li><li>Differentiate between BSE and NSE</li></ul>	
<b>Teaching Aids (if any)</b>	<ul style="list-style-type: none"><li>Use of ICT</li></ul>	
<b>Teaching Development</b>	<p>➤ <b>Introduction (5 minutes)</b></p> <ol style="list-style-type: none"><li>Have you heard of NSE (National Stock Exchange)?</li><li>How do people buy and sell shares in India?</li><li>What makes NSE different from BSE?</li><li>Why is NSE important for investors and companies?</li></ol> <p>➤ <b>Development (30 minutes)</b></p> <p><b>1. What is NSE?</b></p> <ul style="list-style-type: none"><li>NSE (National Stock Exchange) is India's largest stock exchange by trading volume.</li><li>Established in 1992, it introduced electronic trading in India.</li><li>Located in Mumbai, it provides a transparent and efficient trading platform.</li><li>Competes with BSE (Bombay Stock Exchange) as one of India's leading stock exchanges.</li></ul> <p><b>2. History and Growth of NSE</b></p> <ul style="list-style-type: none"><li>1992: NSE was incorporated to modernize India's stock market.</li><li>1994: Started electronic trading, eliminating open outcry system.</li><li>1996: Introduced the Nifty 50 index to track the top 50 companies.</li><li>2000s: Became India's leading derivatives trading platform.</li><li>2023: NSE remains the largest derivatives exchange in the world by volume.</li></ul> <p><b>3. Key Functions of NSE</b></p> <p>Facilitates Stock Trading – Provides an electronic platform for buying and selling securities.</p> <p>Ensures Liquidity – Investors can easily trade stocks and derivatives.</p> <p>Price Discovery – Determines fair market prices based on demand and supply.</p> <p>Regulatory Compliance – Companies must follow SEBI's guidelines for listing and trading.</p> <p>Investor Protection – Ensures a safe and transparent trading environment.</p> <p><b>4. Major Indices of NSE</b></p> <p>NSE has multiple indices to track market performance:</p> <ul style="list-style-type: none"><li>NIFTY 50 – Tracks the top 50 companies across major sectors.</li><li>NIFTY Bank, NIFTY IT, NIFTY Pharma – Sector-specific indices.</li><li>NIFTY Midcap and NIFTY Smallcap – Track mid and small-cap stocks.</li></ul> <p><b>5. Trading Mechanism on NSE</b></p> <ul style="list-style-type: none"><li>NEAT (National Exchange for Automated Trading) is the electronic trading system.</li><li>Uses T+1 settlement cycle for faster transactions.</li><li>Trades in equities, derivatives (futures &amp; options), bonds, and ETFs.</li></ul> <p><b>6. Role of NSE in the Indian Economy</b></p> <ul style="list-style-type: none"><li>Helps companies raise funds through IPOs and stock listings.</li><li>Encourages domestic and foreign investments.</li></ul>	



	<ul style="list-style-type: none"><li>• Ensures financial market stability and transparency.</li><li>➤ <b>Exercise (5 minutes)</b><ol style="list-style-type: none"><li>1. When was NSE established, and why?</li><li>2. What is the full form of NIFTY?</li><li>3. How is NSE different from BSE?</li></ol></li></ul>
<b>Closure</b>	<ol style="list-style-type: none"><li>1. Summarise the lesson learning outcomes and get affirmation from students on these.</li><li>2. Suggested readings: Book 1, Ch.8</li><li>3. Homework: What electronic trading system does NSE use?</li><li>4. Spend 5 minutes to wrap up and consolidate the learning</li></ol>
<b>Evaluation</b>	<ol style="list-style-type: none"><li>1. Reflective questions: What are some financial instruments traded on NSE?</li><li>2. Allow students to answer questions and discuss.</li><li>3. Spend 5 minutes to evaluate student assimilation of the lesson contents.</li></ol>



<b>Lesson Plan 4.4</b>	<b>Course Name: Financial Institutions and Markets</b> <b>Topic: Instruments in the Capital Market</b>	<b>Course Code: BCMMJ-603</b>
<b>Objectives</b>	At the end of the lesson the student shall be able to: <ul style="list-style-type: none"><li>Analyse the instruments in the capital market</li><li>Elaborate the different participants in the capital market</li></ul>	
<b>Teaching Aids (if any)</b>	<ul style="list-style-type: none"><li>Use of ICT</li></ul>	
<b>Teaching Development</b>	<p>➤ <b>Introduction (5 minutes)</b></p> <ol style="list-style-type: none"><li>What do you think are the different ways companies raise money?</li><li>Have you heard of stocks, bonds, or mutual funds?</li><li>What is the difference between equity and debt?</li><li>Why do investors buy different financial instruments?</li></ol> <p>➤ <b>Development (30 minutes)</b></p> <p><b>1. What is the Capital Market?</b></p> <ul style="list-style-type: none"><li>The capital market is a financial system where businesses and governments raise funds for long-term investments.</li><li>It consists of the primary market (new issues like IPOs) and the secondary market (trading of existing securities).</li><li>The main participants are companies, investors, stock exchanges, and regulatory bodies (SEBI in India).</li></ul> <p><b>2. Major Instruments in the Capital Market</b></p> <p><b>A. Equity Instruments (Ownership-Based Investments)</b></p> <p>Shares/Stocks</p> <ul style="list-style-type: none"><li>Represent ownership in a company.</li><li>Shareholders get dividends and voting rights.</li><li>Two types:<ul style="list-style-type: none"><li>Common Shares – Have voting rights and dividends.</li><li>Preferred Shares – Fixed dividends but no voting rights.</li></ul></li></ul> <p><b>Mutual Funds</b></p> <ul style="list-style-type: none"><li>Pool of money collected from investors to invest in stocks, bonds, or other securities.</li><li>Managed by professional fund managers.</li><li>Examples: Equity Funds, Debt Funds, Index Funds, Hybrid Funds.</li></ul> <p><b>B. Debt Instruments (Fixed-Income Investments)</b></p> <p>Bonds &amp; Debentures</p> <ul style="list-style-type: none"><li>Represent loans given to companies or governments.</li><li>Investors earn fixed interest (coupon rate).</li><li>Types:<ul style="list-style-type: none"><li>Government Bonds (G-Secs, Treasury Bills) – Issued by the government.</li><li>Corporate Bonds &amp; Debentures – Issued by companies to raise funds.</li></ul></li></ul> <p>Fixed Deposits (FDs) &amp; Non-Convertible Debentures (NCDs)</p> <ul style="list-style-type: none"><li>FDs: Safe investment with fixed returns, offered by banks.</li><li>NCDs: Corporate bonds that cannot be converted into shares.</li></ul> <p><b>C. Hybrid Instruments (Mix of Equity &amp; Debt)</b></p> <p>Convertible Debentures</p> <ul style="list-style-type: none"><li>Debt instruments that can be converted into shares after a certain period.</li></ul> <p>Preference Shares</p>	



	<ul style="list-style-type: none"><li>• A mix of debt and equity, where investors get fixed dividends but limited ownership rights.</li></ul> <p>D. Derivatives (Market-Based Instruments)</p> <p>Futures &amp; Options (F&amp;O)</p> <ul style="list-style-type: none"><li>• Contracts to buy/sell assets at a future date at a fixed price.</li><li>• Used for hedging risk or speculation.</li></ul> <p>Exchange-Traded Funds (ETFs)</p> <ul style="list-style-type: none"><li>• A basket of securities traded like stocks.</li><li>• Tracks indices like NIFTY 50, SENSEX.</li></ul> <p><b>3. Importance of Capital Market Instruments</b></p> <ul style="list-style-type: none"><li>• Facilitate Investment &amp; Growth – Help businesses expand.</li><li>• Diversification &amp; Risk Management – Different instruments for different risk levels.</li><li>• Economic Development – Encourage domestic and foreign investment.</li></ul> <p>➤ <b>Exercise (5 minutes)</b></p> <ol style="list-style-type: none"><li>1. What is the main difference between equity and debt instruments?</li><li>2. What does a share represent in a company?</li><li>3. What is the purpose of bonds in the capital market?</li></ol>
<b>Closure</b>	<ol style="list-style-type: none"><li>1. Summarise the lesson learning outcomes and get affirmation from students on these.</li><li>2. Suggested readings: Book 1, Ch.5</li><li>3. Homework: How do mutual funds work?</li><li>4. Spend 5 minutes to wrap up and consolidate the learning</li></ol>
<b>Evaluation</b>	<ol style="list-style-type: none"><li>1. Reflective questions: What is the difference between futures and options?</li><li>2. Allow students to answer questions and discuss.</li><li>3. Spend 5 minutes to evaluate student assimilation of the lesson contents.</li></ol>



<b>Lesson Plan 4.5</b>	<b>Course Name: Financial Institutions and Markets</b> <b>Topic: Equity Shares with or without Differential Voting Rights</b>	<b>Course Code: BCMMJ-603</b>
<b>Objectives</b>	At the end of the lesson the student shall be able to: <ul style="list-style-type: none"> <li>• Analyse the equity shares</li> <li>• Examine the shares with or without differential voting rights</li> </ul>	
<b>Teaching Aids (if any)</b>	<ul style="list-style-type: none"> <li>• Use of ICT</li> </ul>	
<b>Teaching Development</b>	<p>➤ <b>Introduction (5 minutes)</b></p> <ol style="list-style-type: none"> <li>1. What do you think happens when you buy a company's share?</li> <li>2. Do all shareholders have equal voting rights?</li> <li>3. Why might a company issue shares with different voting rights?</li> <li>4. Can you think of a situation where a company may want to control decision-making even after selling shares?</li> </ol> <p>➤ <b>Development (30 minutes)</b></p> <p><b>1. What are Equity Shares?</b></p> <ul style="list-style-type: none"> <li>• Equity shares represent ownership in a company.</li> <li>• Shareholders get voting rights and are entitled to dividends.</li> <li>• Commonly traded on stock exchanges like BSE and NSE.</li> </ul> <p><b>2. Types of Equity Shares Based on Voting Rights</b></p> <p><b>A. Equity Shares with Normal Voting Rights</b></p> <ul style="list-style-type: none"> <li>• Each share = one vote (1:1 ratio).</li> <li>• Shareholders participate in decision-making through general meetings.</li> <li>• Example: Most publicly traded stocks in India (e.g., Reliance Industries, TCS).</li> </ul> <p><b>B. Equity Shares with Differential Voting Rights (DVRs)</b></p> <ul style="list-style-type: none"> <li>• Shares with more or fewer voting rights than normal equity shares.</li> <li>• Issued to retain control while raising funds.</li> </ul> <p><b>3. Types of DVR Shares</b></p> <p>Shares with Higher Voting Rights (Super Voting Shares)</p> <ul style="list-style-type: none"> <li>• Typically held by founders or promoters.</li> <li>• Example: Zomato issued superior voting shares to its founders.</li> <li>• Helps promoters maintain control even with a lower stake.</li> </ul> <p>Shares with Lower Voting Rights (Limited Voting or No Voting Shares)</p> <ul style="list-style-type: none"> <li>• Have fewer or no voting rights but offer higher dividends.</li> <li>• Attractive for retail investors who focus on returns, not control.</li> <li>• Example: Tata Motors DVR shares offer lower voting rights but higher dividends.</li> </ul> <p><b>4. Why Do Companies Issue DVR Shares?</b></p> <ul style="list-style-type: none"> <li>• To Raise Capital Without Losing Control – Founders can issue shares without diluting voting power.</li> <li>• To Attract Retail Investors – Investors who don't need voting power may get higher dividends.</li> <li>• To Avoid Hostile Takeovers – Protects against unwanted acquisitions.</li> </ul> <p><b>Advantages &amp; Disadvantages</b></p> <p>Advantages of DVR Shares</p> <ul style="list-style-type: none"> <li>• Helps companies raise funds while retaining control.</li> <li>• Retail investors get higher dividends.</li> <li>• Reduces volatility and speculation in stock prices.</li> </ul>	



	<p><b>Disadvantages of DVR Shares</b></p> <ul style="list-style-type: none"><li>• May be less attractive to institutional investors.</li><li>• Limited liquidity compared to normal shares.</li><li>• Could lead to corporate governance concerns.</li></ul> <p><b>Exercise (5 minutes)</b> Ask students the following questions:</p> <ol style="list-style-type: none"><li>1. What is the main difference between normal equity shares and DVR shares?</li><li>2. Why do some companies issue shares with higher voting rights?</li><li>3. Which type of share would be better for a retail investor looking for higher returns?</li></ol>
<p><b>Closure</b></p>	<ol style="list-style-type: none"><li>1. Summarise the lesson learning outcomes and get affirmation from students on these.</li><li>2. Suggested readings: Book 1, Ch.5</li><li>3. Homework: What is one disadvantage of DVR shares for investors?</li><li>4. Spend 5 minutes to wrap up and consolidate the learning</li></ol>
<p><b>Evaluation</b></p>	<ol style="list-style-type: none"><li>1. Reflective questions: Can you name an Indian company that has issued DVR shares?</li><li>2. Allow students to answer questions and discuss.</li><li>3. Spend 5 minutes to evaluate student assimilation of the lesson contents.</li></ol>



<b>Lesson Plan 4.6</b>	<b>Course Name: Financial Institutions and Markets</b> <b>Topic: Preference Share</b>	<b>Course Code: BCMMJ-603</b>
<b>Objectives</b>	At the end of the lesson the student shall be able to: <ul style="list-style-type: none"><li>• Describe the types of preference share</li><li>• Elaborate the advantages of preference shares</li></ul>	
<b>Teaching Aids (if any)</b>	<ul style="list-style-type: none"><li>• Use of ICT</li></ul>	
<b>Teaching Development</b>	<ul style="list-style-type: none"><li>➤ <b>Introduction (5 minutes)</b><ul style="list-style-type: none"><li>• What comes to mind when you hear 'preference shares'?</li><li>• Have you encountered them before, perhaps in news articles or during personal finance research?</li><li>• What do you think 'preference' might imply in this context?</li></ul></li><li>➤ <b>Development (30 minutes)</b><ul style="list-style-type: none"><li>• <b>Key Characteristics of Preference Shares:</b><ul style="list-style-type: none"><li>○ Dividend Preference</li><li>○ Cumulative preference shares</li><li>○ Non-cumulative preference shares</li><li>○ Liquidation Preference:</li><li>○ Voting Rights.</li><li>○ <b>Types of Preference Shares:</b> Beyond cumulative/non-cumulative, preference shares can be further classified:<ul style="list-style-type: none"><li>▪ Participating Preference Shares</li><li>▪ Non-Participating Preference Shares</li><li>▪ Convertible Preference Shares</li><li>▪ Redeemable Preference Shares: These shares are redeemed (bought back) by the company after a specified period. Irredeemable preference shares are not bought back.</li></ul></li></ul></li><li>• <b>Advantages of Preference Shares:</b><ul style="list-style-type: none"><li>○ For Investors.</li><li>○ For Companies.</li></ul></li><li>• <b>Disadvantages of Preference Shares:</b><ul style="list-style-type: none"><li>○ For Investors</li><li>○ For Companies</li></ul></li><li>➤ <b>Exercise (5 minutes)</b></li><li>• <b>Questions from the topic:</b><ol style="list-style-type: none"><li>1. What is the key difference between cumulative and non-cumulative preference shares?</li><li>2. Why might a company choose to issue preference shares instead of ordinary shares or debt?</li><li>3. True or False: Preference shareholders always have voting rights.</li></ol></li></ul></li></ul>	
<b>Closure</b>	<ol style="list-style-type: none"><li>1. Summarise the lesson learning outcomes and get affirmation from students on these.</li><li>2. Suggested readings: Ref. Book 1, Ch 2</li><li>3. Homework: If you were an investor, under what circumstances might you consider investing in preference shares?</li><li>4. Spend 5 minutes to wrap up and consolidate the learning</li></ol>	



<b>Evaluation</b>	
	<ol style="list-style-type: none"><li>1. Reflective questions: Explain the concept of 'dividend preference' in the context of preference shares.</li><li>2. Allow students to answer questions and discuss.</li><li>3. Spend 5 minutes to evaluate student assimilation of the lesson contents.</li></ol>



<b>Lesson Plan 4.7</b>	<b>Course Name: Financial Institutions and Markets</b> <b>Topic: Debt securities - Corporate bond, corporate debentures, PSU bonds</b>	<b>Course Code: BCMMJ-603</b>																				
<b>Objectives</b>	At the end of the lesson the student shall be able to: <ul style="list-style-type: none"> <li>Analyse the Corporate bonds and debentures</li> <li>Differentiate between corporate bond, corporate debentures, PSU bonds</li> </ul>																					
<b>Teaching Aids (if any)</b>	<ul style="list-style-type: none"> <li>Use of ICT</li> </ul>																					
<b>Teaching Development</b>	<ul style="list-style-type: none"> <li>➤ <b>Introduction (5 minutes)</b> <ul style="list-style-type: none"> <li>What are debt securities?</li> <li>Why do companies issue debt securities?</li> <li>What are the key features of a debt security?</li> </ul> </li> <li>➤ <b>Development (30 minutes)</b> <ul style="list-style-type: none"> <li>Corporate Bonds:</li> <li>Corporate Debentures:</li> </ul> </li> </ul> <p>PSU Bonds (Public Sector Undertaking Bonds):</p> <table border="1"> <thead> <tr> <th>Feature</th> <th>Corporate Bond</th> <th>Corporate Debenture</th> <th>PSU Bond</th> </tr> </thead> <tbody> <tr> <td>Issuer</td> <td>For-profit company</td> <td>For-profit company</td> <td>Government-owned/controlled entity</td> </tr> <tr> <td>Security</td> <td>May be secured or unsecured</td> <td>Typically, unsecured</td> <td>Generally perceived as less risky than corporate</td> </tr> <tr> <td>Risk Level</td> <td>Varies, depends on company's financial health</td> <td>Higher than secured bonds, varies by company</td> <td>Lower than corporate bonds usually</td> </tr> <tr> <td>Interest Rate</td> <td>Varies, generally higher than PSU bonds</td> <td>Higher than secured bonds, varies by company</td> <td>Lower than corporate bonds generally</td> </tr> </tbody> </table> <p>Export to Sheets</p> <p>Factors Affecting Debt Security Prices:</p> <ul style="list-style-type: none"> <li>Interest Rate.</li> <li>Credit Rating.</li> <li>Economic Conditions.</li> <li>Inflation.</li> </ul> <ul style="list-style-type: none"> <li>➤ <b>Exercise (5 minutes)</b> <ol style="list-style-type: none"> <li>What is the key difference between a corporate bond and a corporate debenture?</li> <li>Why are PSU bonds generally considered less risky than corporate bonds?</li> <li>How do changes in interest rates affect bond prices?</li> </ol> </li> </ul>		Feature	Corporate Bond	Corporate Debenture	PSU Bond	Issuer	For-profit company	For-profit company	Government-owned/controlled entity	Security	May be secured or unsecured	Typically, unsecured	Generally perceived as less risky than corporate	Risk Level	Varies, depends on company's financial health	Higher than secured bonds, varies by company	Lower than corporate bonds usually	Interest Rate	Varies, generally higher than PSU bonds	Higher than secured bonds, varies by company	Lower than corporate bonds generally
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<b>Closure</b>	<ol style="list-style-type: none"> <li>Summarise the lesson learning outcomes and get affirmation from students on these.</li> <li>Suggested readings: Book 1, Ch 10</li> <li>Homework: If a company's credit rating is downgraded, what is likely to happen to the price of its bonds?</li> <li>Spend 5 minutes to wrap up and consolidate the learning</li> </ol>																					
<b>Evaluation</b>	<ol style="list-style-type: none"> <li>Reflective questions: Imagine you are an investor looking for relatively safe fixed-income investments. Which of these debt securities might be most suitable for you, and why?</li> </ol>																					



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|--|--|
|  | <ol style="list-style-type: none"><li>2. Allow students to answer questions and discuss.</li><li>3. Spend 5 minutes to evaluate student assimilation of the lesson contents.</li></ol> |
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<b>Lesson Plan 4.8</b>	<b>Course Name: Financial Institutions and Markets</b> <b>Topic: Market Infrastructure Institutions: Clearing corporations</b>	<b>Course Code: BCMMJ-603</b>
<b>Objectives</b>	At the end of the lesson the student shall be able to: <ul style="list-style-type: none"><li>• Elaborate the market infrastructure institutions</li><li>• Analyse the clearing corporations</li></ul>	
<b>Teaching Aids (if any)</b>	<ul style="list-style-type: none"><li>• Use of ICT</li></ul>	
<b>Teaching Development</b>	<ul style="list-style-type: none"><li>➤ <b>Introduction (5 minutes)</b><ul style="list-style-type: none"><li>• <b>What are Market Infrastructure Institutions (MIIs)?</b> MIIs are the backbone of the financial markets. They provide the essential infrastructure for trading, clearing, settlement, and risk management. They ensure the smooth and efficient functioning of the market. Think of them as the plumbing of the financial system.</li><li>• <b>Why are MIIs important?</b> They promote market integrity, reduce systemic risk, and enhance efficiency. Without them, markets would be chaotic and prone to failures.</li><li>• <b>What are some examples of MIIs?</b> Besides Clearing Corporations, other examples include stock exchanges, depositories, and payment systems.</li></ul></li><li>➤ <b>Development (30 minutes)</b><ul style="list-style-type: none"><li>• <b>What is a Clearing Corporation?</b> A clearing corporation acts as an intermediary between buyers and sellers in financial transactions. It guarantees the completion of trades, even if one party defaults. It's like an escrow service for financial transactions.</li><li>• <b>Key Functions of a Clearing Corporation:</b><ul style="list-style-type: none"><li>○ <b>Clearing:</b> Validating and matching trades, ensuring that both parties agree on the terms of the transaction.</li><li>○ <b>Settlement:</b> Facilitating the transfer of securities and funds between buyers and sellers.</li><li>○ <b>Risk Management:</b> Managing the financial risks associated with trading, including counterparty risk (the risk that one party will default). They do this through various mechanisms like margin requirements and guarantee funds.</li><li>○ <b>Central Counterparty (CCP):</b> In many markets, the clearing corporation acts as a CCP. This means it becomes the buyer to every seller and the seller to every buyer, effectively eliminating counterparty risk for individual market participants.</li></ul></li><li>• <b>How does a Clearing Corporation work?</b><ol style="list-style-type: none"><li>1. <b>Trade Execution:</b> Buyers and sellers agree on a trade on an exchange.</li><li>2. <b>Trade Confirmation:</b> The exchange sends the trade details to the clearing corporation.</li><li>3. <b>Clearing:</b> The clearing corporation verifies the trade and becomes the counterparty to both the buyer and the seller.</li><li>4. <b>Margin Requirements:</b> The clearing corporation requires members to deposit margin (collateral) to cover potential losses.</li><li>5. <b>Settlement:</b> The clearing corporation facilitates the transfer of securities and funds.</li></ol></li></ul></li></ul>	



	<p>6. <b>Risk Management:</b> The clearing corporation continuously monitors market conditions and manages risks through various mechanisms.</p> <ul style="list-style-type: none"><li>• <b>Benefits of Clearing Corporations:</b><ul style="list-style-type: none"><li>○ <b>Reduced Counterparty Risk:</b> By acting as a CCP, they significantly reduce the risk that one party will default on its obligations.</li><li>○ <b>Increased Market Efficiency:</b> Streamlined clearing and settlement processes lead to faster and more efficient trading.</li><li>○ <b>Enhanced Market Integrity:</b> Robust risk management practices contribute to market stability and reduce the likelihood of systemic crises.</li><li>○ <b>Standardization:</b> Clearing corporations standardize trade processes, making them more transparent and efficient.</li></ul></li><li>• <b>Examples of Clearing Corporations:</b> Examples include the Clearing Corporation of India Limited (CCIL), the National Securities Clearing Corporation Limited (NSCCL) in India, and the Options Clearing Corporation (OCC) in the US.</li></ul> <p>➤ <b>Exercise (5 minutes)</b></p> <ol style="list-style-type: none"><li>1. What is the primary role of a Clearing Corporation in financial markets?</li><li>2. How does a Clearing Corporation reduce counterparty risk?</li><li>3. Explain the concept of a Central Counterparty (CCP).</li></ol>
<b>Closure</b>	<ol style="list-style-type: none"><li>1. Summarise the lesson learning outcomes and get affirmation from students on these.</li><li>2. Suggested readings: Book 1, Ch 18</li><li>3. Homework: What are some of the key functions performed by a Clearing Corporation?</li><li>4. Spend 5 minutes to wrap up and consolidate the learning</li></ol>
<b>Evaluation</b>	<ol style="list-style-type: none"><li>1. Reflective questions: Why are Clearing Corporations considered important Market Infrastructure Institutions?</li><li>2. Allow students to answer questions and discuss.</li><li>3. Spend 5 minutes to evaluate student assimilation of the lesson contents.</li></ol>



<b>Lesson Plan 4.9</b>	<b>Course Name: Financial Institutions and Markets</b> <b>Topic: Depositories</b>	<b>Course Code: BCMMJ-603</b>
<b>Objectives</b>	At the end of the lesson the student shall be able to: <ul style="list-style-type: none"><li>• Elaborate the need for depositories</li><li>• Analyse the advantages of holding securities in dematerialized form</li></ul>	
<b>Teaching Aids (if any)</b>	<ul style="list-style-type: none"><li>• Use of ICT</li></ul>	
<b>Teaching Development</b>	<ul style="list-style-type: none"><li>➤ <b>Introduction (5 minutes)</b><ul style="list-style-type: none"><li>• What is a Depository?</li><li>• Why are Depositories needed?</li><li>• What are some examples of Depositories?</li></ul></li><li>➤ <b>Development (30 minutes)</b><ul style="list-style-type: none"><li>• Key Functions of a Depository:<ul style="list-style-type: none"><li>○ Dematerialization</li><li>○ Materialization</li><li>○ Holding Securities</li><li>○ Transfer of Securities</li><li>○ Settlement of Trades</li><li>○ Corporate Actions</li></ul></li><li>• How does a Depository system work?<ol style="list-style-type: none"><li>1. Account Opening</li><li>2. Dematerialization Request</li><li>3. Confirmation</li><li>4. Electronic Credit</li><li>5. Trading and Settlement</li></ol></li><li>• Corporate Actions</li><li>• Benefits of Depositories:<ul style="list-style-type: none"><li>○ Reduced Risk</li><li>○ Faster Transactions</li><li>○ Increased Efficiency</li><li>○ Lower Costs</li><li>○ Enhanced Liquidity</li></ul></li><li>• Depository Participants (DPs)</li></ul></li><li>➤ <b>Exercise (5 minutes)</b><ol style="list-style-type: none"><li>1. What is the primary function of a Depository in the securities market?</li><li>2. Explain the process of dematerialization.</li><li>3. Who is a Depository Participant (DP), and what role do they play?</li></ol></li></ul>	
<b>Closure</b>	<ol style="list-style-type: none"><li>1. Summarise the lesson learning outcomes and get affirmation from students on these.</li><li>2. Suggested readings: Book 1, Ch 18</li><li>3. Homework: How do depositories contribute to increased efficiency in securities trading?</li><li>4. Spend 5 minutes to wrap up and consolidate the learning</li></ol>	
<b>Evaluation</b>	<ol style="list-style-type: none"><li>1. Reflective questions: What are some of the advantages of holding securities in dematerialized form?</li><li>2. Allow students to answer questions and discuss.</li></ol>	



	3. Spend 5 minutes to evaluate student assimilation of the lesson contents.
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<b>Lesson Plan 4.10</b>	<b>Course Name: Financial Institutions and Markets</b> <b>Topic: Depository participants</b>	<b>Course Code: BCMMJ-603</b>
<b>Objectives</b>	At the end of the lesson the student shall be able to: <ul style="list-style-type: none"><li>• Elaborate the role of depository participants</li><li>• Explain the relationship between a Depository and a DP</li></ul>	
<b>Teaching Aids (if any)</b>	<ul style="list-style-type: none"><li>• Use of ICT</li></ul>	
<b>Teaching Development</b>	<b>Introduction (5 minutes)</b> <ul style="list-style-type: none"><li>• What is a Depository?</li><li>• Why do we need Depository Participants (DPs)?</li><li>• What are some examples of DPs?</li></ul> <b>➤ Development (30 minutes)</b> <ul style="list-style-type: none"><li>• What is a Depository Participant (DP)?</li><li>• Key Functions of a DP:<ul style="list-style-type: none"><li>○ Account Opening</li><li>○ Dematerialization/Rematerialization</li><li>○ Transactions</li><li>○ Corporate Actions</li><li>○ Pledging/Hypothecation</li><li>○ Reporting and Statements</li></ul></li><li>• How does a DP work?<ol style="list-style-type: none"><li>1. Account Opening</li><li>2. Instructions</li><li>3. Execution</li><li>4. Settlement</li><li>5. Corporate Actions</li></ol></li><li>• Relationship between Depository and DP</li><li>• Choosing a DP</li></ul> <b>➤ Exercise (5 minutes)</b> <ol style="list-style-type: none"><li>1. What is the primary role of a Depository Participant (DP)?</li><li>2. How does a DP facilitate the process of dematerialization?</li><li>3. Explain the relationship between a Depository and a DP.</li></ol>	
<b>Closure</b>	<ol style="list-style-type: none"><li>1. Summarise the lesson learning outcomes and get affirmation from students on these.</li><li>2. Suggested readings: Book 1, Ch.18</li><li>3. Homework: What are some of the key services provided by a DP to investors?</li><li>4. Spend 5 minutes to wrap up and consolidate the learning</li></ol>	
<b>Evaluation</b>	<ol style="list-style-type: none"><li>1. Reflective questions: Why is it important for investors to choose a reputable and reliable DP?</li><li>2. Allow students to answer questions and discuss.</li><li>3. Spend 5 minutes to evaluate student assimilation of the lesson contents.</li></ol>	



<b>Lesson Plan 5.1</b>	<b>Course Name: Financial Institutions and Markets</b> <b>Topic: An overview of working of various Indian Financial Market Regulators</b>	<b>Course Code: BCMMJ-603</b>
<b>Objectives</b>	At the end of the lesson the student shall be able to: <ul style="list-style-type: none"><li>Analyse the working of financial regulators</li><li>Elaborate the banking operations in India</li></ul>	
<b>Teaching Aids (if any)</b>	<ul style="list-style-type: none"><li>Use of ICT</li></ul>	
<b>Teaching Development</b>	<b>Introduction (5 Minutes)</b> <ul style="list-style-type: none"><li>What are financial market regulators?</li><li>Why do we need financial regulators in India?</li><li>Can you name any financial regulatory body in India?</li></ul> <b>Development (30 Minutes)</b> <ol style="list-style-type: none"><li>Securities and Exchange Board of India (SEBI)</li><li>Reserve Bank of India (RBI)</li><li>Insurance Regulatory and Development Authority of India (IRDAI)</li><li>Pension Fund Regulatory and Development Authority (PFRDA)</li><li>Forward Markets Commission (FMC) [Now merged with SEBI]</li><li>Competition Commission of India (CCI)</li></ol> <b>Exercise (5 Minutes)</b> <ol style="list-style-type: none"><li>Which regulatory body oversees the stock market in India?</li><li>Who regulates banking operations in India?</li><li>What does IRDAI regulate?</li></ol>	
<b>Closure</b>	<ol style="list-style-type: none"><li>Summarise the lesson learning outcomes and get affirmation from students on these.</li><li>Suggested readings: Book 1, Ch 24</li><li>Homework: What is the role of PFRDA?</li><li>Spend 5 minutes to wrap up and consolidate the learning</li></ol>	
<b>Evaluation</b>	<ol style="list-style-type: none"><li>Reflective questions: Which body prevents monopolies in the financial sector?</li><li>Allow students to answer questions and discuss.</li><li>Spend 5 minutes to evaluate student assimilation of the lesson contents.</li></ol>	



<b>Lesson Plan 5.2</b>	<b>Course Name: Financial Institutions and Markets</b> <b>Topic: An overview of working of various Indian Financial Market Regulators</b>	<b>Course Code: BCMMJ-603</b>
<b>Objectives</b>	At the end of the lesson the student shall be able to: <ul style="list-style-type: none"><li>Analyse the working of financial regulators</li><li>Elaborate the banking operations in India</li></ul>	
<b>Teaching Aids (if any)</b>	<ul style="list-style-type: none"><li>Use of ICT</li></ul>	
<b>Teaching Development</b>	<b>Introduction (5 Minutes)</b> <ul style="list-style-type: none"><li>What are financial market regulators?</li><li>Why do we need financial regulators in India?</li><li>Can you name any financial regulatory body in India?</li></ul> <b>Development (30 Minutes)</b> <ol style="list-style-type: none"><li>Securities and Exchange Board of India (SEBI)</li><li>Reserve Bank of India (RBI)</li><li>Insurance Regulatory and Development Authority of India (IRDAI)</li><li>Pension Fund Regulatory and Development Authority (PFRDA)</li><li>Forward Markets Commission (FMC) [Now merged with SEBI]</li><li>Competition Commission of India (CCI)</li></ol> <b>Exercise (5 Minutes)</b> <ol style="list-style-type: none"><li>Which regulatory body oversees the stock market in India?</li><li>Who regulates banking operations in India? What does IRDAI regulate?</li></ol>	
<b>Closure</b>	<ol style="list-style-type: none"><li>Summarise the lesson learning outcomes and get affirmation from students on these.</li><li>Suggested readings: Book 1, Ch 24</li><li>Homework: What is the role of PFRDA?</li><li>Spend 5 minutes to wrap up and consolidate the learning</li></ol>	
<b>Evaluation</b>	<ol style="list-style-type: none"><li>Reflective questions: Which body prevents monopolies in the financial sector?</li><li>Allow students to answer questions and discuss.</li><li>Spend 5 minutes to evaluate student assimilation of the lesson contents.</li></ol>	



<b>Lesson Plan 5.3</b>	<b>Course Name: Financial Institutions and Markets</b> <b>Topic: Functions of various Indian Financial Market Regulators</b>	<b>Course Code: BCMMJ-603</b>
<b>Objectives</b>	At the end of the lesson the student shall be able to: <ul style="list-style-type: none"><li>• Examine the functions of Indian financial system</li><li>• Analyse the financial regulators in India</li></ul>	
<b>Teaching Aids (if any)</b>	<ul style="list-style-type: none"><li>• Use of ICT</li></ul>	
<b>Teaching Development</b>	<ul style="list-style-type: none"><li>➤ <b>Introduction (5 Minutes)</b><ul style="list-style-type: none"><li>• What are financial market regulators?</li><li>• Why do we need financial regulators in India?</li><li>• Can you name any financial regulatory body in India?</li></ul></li><li>➤ <b>Development (30 Minutes)</b><ol style="list-style-type: none"><li>1. Securities and Exchange Board of India (SEBI)<ul style="list-style-type: none"><li>• Regulates stock markets, mutual funds, and investment schemes.</li><li>• Protects investor interests and prevents fraudulent activities.</li><li>• Example: SEBI's role in regulating IPOs and insider trading.</li></ul></li><li>2. Reserve Bank of India (RBI)<ul style="list-style-type: none"><li>• Regulates banks, monetary policy, and financial institutions.</li><li>• Controls inflation and liquidity in the economy.</li><li>• Example: RBI's role in setting repo rates to control inflation.</li></ul></li><li>3. Insurance Regulatory and Development Authority of India (IRDAI)<ul style="list-style-type: none"><li>• Governs the insurance sector (life and general insurance).</li><li>• Ensures fair pricing, policyholder protection, and market expansion.</li><li>• Example: IRDAI's role in approving new insurance products.</li></ul></li><li>4. Pension Fund Regulatory and Development Authority (PFRDA)<ul style="list-style-type: none"><li>• Oversees pension funds and retirement schemes.</li><li>• Regulates the National Pension System (NPS).</li><li>• Example: PFRDA's role in promoting pension schemes for financial security.</li></ul></li><li>5. Forward Markets Commission (FMC) [Now merged with SEBI]<ul style="list-style-type: none"><li>• Previously regulated commodity markets, now under SEBI.</li><li>• Ensured transparency in commodity trading.</li></ul></li><li>6. Competition Commission of India (CCI)<ul style="list-style-type: none"><li>• Prevents anti-competitive practices in financial markets.</li><li>• Ensures fair market competition and consumer protection.</li><li>• Example: CCI's role in preventing unfair mergers and monopolies.</li></ul></li></ol><ul style="list-style-type: none"><li>➤ <b>Exercise (5 Minutes)</b><ol style="list-style-type: none"><li>1. Which regulatory body oversees the stock market in India?</li><li>2. Who regulates banking operations in India?</li><li>3. What does IRDAI regulate?</li></ol></li></ul></li></ul>	
<b>Closure</b>	<ol style="list-style-type: none"><li>1. Summarise the lesson learning outcomes and get affirmation from students on these.</li><li>2. Suggested readings: Book 1, Ch. 18</li><li>3. Homework: What is the role of PFRDA?</li><li>4. Spend 5 minutes to wrap up and consolidate the learning</li></ol>	
<b>Evaluation</b>	<ol style="list-style-type: none"><li>1. Reflective questions: Which body prevents monopolies in the financial sector?</li></ol>	



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|  | <ol style="list-style-type: none"><li>2. Allow students to answer questions and discuss.</li><li>3. Spend 5 minutes to evaluate student assimilation of the lesson contents.</li></ol> |
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<b>Lesson Plan 5.4</b>	<b>Course Name: Financial Institutions and Markets</b> <b>Topic: Functions of various Indian Financial Market Regulators</b>	<b>Course Code: BCMMJ-603</b>
<b>Objectives</b>	At the end of the lesson the student shall be able to: <ul style="list-style-type: none"><li>• Examine the functions of Indian financial system</li><li>• Analyse the financial regulators in India</li></ul>	
<b>Teaching Aids (if any)</b>	<ul style="list-style-type: none"><li>• Use of ICT</li></ul>	
<b>Teaching Development</b>	<ul style="list-style-type: none"><li>➤ <b>Introduction (5 Minutes)</b><ul style="list-style-type: none"><li>• What are financial market regulators?</li><li>• Why do we need financial regulators in India?</li><li>• Can you name any financial regulatory body in India?</li></ul></li><li>➤ <b>Development (30 Minutes)</b><ol style="list-style-type: none"><li>1. Securities and Exchange Board of India (SEBI)<ul style="list-style-type: none"><li>• Regulates stock markets, mutual funds, and investment schemes.</li><li>• Protects investor interests and prevents fraudulent activities.</li><li>• Example: SEBI's role in regulating IPOs and insider trading.</li></ul></li><li>2. Reserve Bank of India (RBI)<ul style="list-style-type: none"><li>• Regulates banks, monetary policy, and financial institutions.</li><li>• Controls inflation and liquidity in the economy.</li><li>• Example: RBI's role in setting repo rates to control inflation.</li></ul></li><li>3. Insurance Regulatory and Development Authority of India (IRDAI)<ul style="list-style-type: none"><li>• Governs the insurance sector (life and general insurance).</li><li>• Ensures fair pricing, policyholder protection, and market expansion.</li><li>• Example: IRDAI's role in approving new insurance products.</li></ul></li><li>4. Pension Fund Regulatory and Development Authority (PFRDA)<ul style="list-style-type: none"><li>• Oversees pension funds and retirement schemes.</li><li>• Regulates the National Pension System (NPS).</li><li>• Example: PFRDA's role in promoting pension schemes for financial security.</li></ul></li><li>5. Forward Markets Commission (FMC) [Now merged with SEBI]<ul style="list-style-type: none"><li>• Previously regulated commodity markets, now under SEBI.</li><li>• Ensured transparency in commodity trading.</li></ul></li><li>6. Competition Commission of India (CCI)<ul style="list-style-type: none"><li>• Prevents anti-competitive practices in financial markets.</li><li>• Ensures fair market competition and consumer protection.</li><li>• Example: CCI's role in preventing unfair mergers and monopolies.</li></ul></li></ol><ul style="list-style-type: none"><li>➤ <b>Exercise (5 Minutes)</b><ol style="list-style-type: none"><li>1. Which regulatory body oversees the stock market in India?</li><li>2. Who regulates banking operations in India? What does IRDAI regulate?</li></ol></li></ul></li></ul>	
<b>Closure</b>	<ol style="list-style-type: none"><li>1. Summarise the lesson learning outcomes and get affirmation from students on these.</li><li>2. Suggested readings: Book 1, Ch. 18</li><li>3. Homework: What is the role of PFRDA?</li><li>4. Spend 5 minutes to wrap up and consolidate the learning</li></ol>	



<b>Evaluation</b>	<ol style="list-style-type: none"><li>1. Reflective questions: Which body prevents monopolies in the financial sector?</li><li>2. Allow students to answer questions and discuss.</li><li>3. Spend 5 minutes to evaluate student assimilation of the lesson contents.</li></ol>
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<b>Lesson Plan 5.5</b>	<b>Course Name: Financial Institutions and Markets</b> <b>Topic: SEBI</b>	<b>Course Code: BCMMJ-603</b>
<b>Objectives</b>	At the end of the lesson the student shall be able to: <ul style="list-style-type: none"><li>• Examine the role of SEBI</li><li>• Evaluate the functions of SEBI</li></ul>	
<b>Teaching Aids (if any)</b>	<ul style="list-style-type: none"><li>• Use of ICT</li></ul>	
<b>Teaching Development</b>	<p>➤ <b>Introduction (5 Minutes)</b></p> <ol style="list-style-type: none"><li>1. Have you heard about SEBI? What do you know about it?</li><li>2. Why do we need a regulator for the stock market?</li><li>3. Can you name any recent SEBI regulations that impacted investors?</li></ol> <p>➤ <b>Development (30 Minutes)</b></p> <ol style="list-style-type: none"><li>1. Objectives of SEBI<ul style="list-style-type: none"><li>Protecting Investor Interests – Prevents fraud and ensures fair play.</li><li>Regulating Market Participants – Monitors stock exchanges, brokers, and investment advisors.</li><li>Promoting Fair Trade Practices – Prevents insider trading and market manipulation.</li><li>Developing the Securities Market – Encourages investor participation and market efficiency.</li></ul></li><li>2. Structure of SEBI<ul style="list-style-type: none"><li>• Chairman: Appointed by the Government of India.</li><li>• Board Members: Includes officials from the Ministry of Finance, RBI, and independent experts.</li></ul></li><li>3. Key Functions of SEBI<ol style="list-style-type: none"><li>(A) Regulatory Functions<ul style="list-style-type: none"><li>• Oversees stock exchanges (e.g., NSE, BSE).</li><li>• Regulates mutual funds, brokers, and credit rating agencies.</li><li>• Frames rules for IPOs, FPOs, and other public issues.</li></ul></li><li>(B) Protective Functions<ul style="list-style-type: none"><li>• Prevents insider trading and unfair trade practices.</li><li>• Ensures transparency in financial markets.</li><li>• Mandates disclosures by companies to protect investors.</li></ul></li><li>(C) Developmental Functions<ul style="list-style-type: none"><li>• Promotes financial education and investor awareness programs.</li><li>• Encourages new financial instruments like ETFs and REITs.</li><li>• Improves digital trading and ensures technological advancements.</li></ul></li></ol></li><li>4. SEBI's Recent Initiatives &amp; Reforms<ul style="list-style-type: none"><li>• T+1 Settlement: Faster trade settlement for better liquidity.</li><li>• Regulation on Algorithmic Trading: Prevents unfair advantages.</li><li>• Mutual Fund Norms: Ensures transparency in fund management.</li><li>• Green Bonds &amp; ESG Investments: Encouraging sustainable finance.</li></ul></li></ol> <p>➤ <b>Exercise (5 Minutes)</b></p> <ol style="list-style-type: none"><li>1. What is the primary role of SEBI?</li><li>2. In which year did SEBI gain statutory powers?</li><li>3. Name one of SEBI's protective functions.</li></ol>	
<b>Closure</b>	1. Summarise the lesson learning outcomes and get affirmation from students on these.	



	<ol style="list-style-type: none"><li>2. Suggested readings: Book 1, Ch. 24</li><li>3. Homework: Which market participants are regulated by SEBI?</li><li>4. Spend 5 minutes to wrap up and consolidate the learning</li></ol>
<b>Evaluation</b>	<ol style="list-style-type: none"><li>1. Reflective questions: What is the purpose of SEBI's T+1 settlement rule?</li><li>2. Allow students to answer questions and discuss.</li><li>3. Spend 5 minutes to evaluate student assimilation of the lesson contents.</li></ol>



<b>Lesson Plan 5.6</b>	<b>Course Name: Financial Institutions and Markets</b> <b>Topic: SEBI</b>	<b>Course Code: BCMMJ-603</b>
<b>Objectives</b>	At the end of the lesson the student shall be able to: <ul style="list-style-type: none"><li>• Examine the role of SEBI</li><li>• Evaluate the functions of SEBI</li></ul>	
<b>Teaching Aids (if any)</b>	<ul style="list-style-type: none"><li>• Use of ICT</li></ul>	
<b>Teaching Development</b>	<p>➤ <b>Introduction (5 Minutes)</b></p> <ol style="list-style-type: none"><li>1. Have you heard about SEBI? What do you know about it?</li><li>2. Why do we need a regulator for the stock market?</li><li>3. Can you name any recent SEBI regulations that impacted investors?</li></ol> <p>➤ <b>Development (30 Minutes)</b></p> <ol style="list-style-type: none"><li>1. Objectives of SEBI<ul style="list-style-type: none"><li>Protecting Investor Interests – Prevents fraud and ensures fair play.</li><li>Regulating Market Participants – Monitors stock exchanges, brokers, and investment advisors.</li><li>Promoting Fair Trade Practices – Prevents insider trading and market manipulation.</li><li>Developing the Securities Market – Encourages investor participation and market efficiency.</li></ul></li><li>2. Structure of SEBI<ul style="list-style-type: none"><li>• Chairman: Appointed by the Government of India.</li><li>• Board Members: Includes officials from the Ministry of Finance, RBI, and independent experts.</li></ul></li><li>3. Key Functions of SEBI<ol style="list-style-type: none"><li>(A) Regulatory Functions<ul style="list-style-type: none"><li>• Oversees stock exchanges (e.g., NSE, BSE).</li><li>• Regulates mutual funds, brokers, and credit rating agencies.</li><li>• Frames rules for IPOs, FPOs, and other public issues.</li></ul></li><li>(B) Protective Functions<ul style="list-style-type: none"><li>• Prevents insider trading and unfair trade practices.</li><li>• Ensures transparency in financial markets.</li><li>• Mandates disclosures by companies to protect investors.</li></ul></li><li>(C) Developmental Functions<ul style="list-style-type: none"><li>• Promotes financial education and investor awareness programs.</li><li>• Encourages new financial instruments like ETFs and REITs.</li><li>• Improves digital trading and ensures technological advancements.</li></ul></li></ol></li><li>4. SEBI's Recent Initiatives &amp; Reforms<ul style="list-style-type: none"><li>• T+1 Settlement: Faster trade settlement for better liquidity.</li><li>• Regulation on Algorithmic Trading: Prevents unfair advantages.</li><li>• Mutual Fund Norms: Ensures transparency in fund management.</li><li>• Green Bonds &amp; ESG Investments: Encouraging sustainable finance.</li></ul></li></ol> <p>➤ <b>Exercise (5 Minutes)</b></p> <ol style="list-style-type: none"><li>1. What is the primary role of SEBI?</li><li>2. In which year did SEBI gain statutory powers? Name one of SEBI's protective functions.</li></ol>	
<b>Closure</b>	1. Summarise the lesson learning outcomes and get affirmation from students on these.	



	<ol style="list-style-type: none"><li>2. Suggested readings: Book 1, Ch. 24</li><li>3. Homework: Which market participants are regulated by SEBI?</li><li>4. Spend 5 minutes to wrap up and consolidate the learning</li></ol>
<b>Evaluation</b>	<ol style="list-style-type: none"><li>1. Reflective questions: What is the purpose of SEBI's T+1 settlement rule?</li><li>2. Allow students to answer questions and discuss.</li><li>3. Spend 5 minutes to evaluate student assimilation of the lesson contents.</li></ol>



<b>Lesson Plan 5.7</b>	<b>Course Name: Financial Institutions and Markets</b> <b>Topic: RBI</b>	<b>Course Code: BCMMJ-603</b>
<b>Objectives</b>	At the end of the lesson the student shall be able to: <ul style="list-style-type: none"><li>Analyse the role of RBI</li><li>Evaluate the functions of RBI</li></ul>	
<b>Teaching Aids (if any)</b>	<ul style="list-style-type: none"><li>Use of ICT</li></ul>	
<b>Teaching Development</b>	<p>➤ <b>Introduction (5 Minutes)</b></p> <ol style="list-style-type: none"><li>Have you heard of the Reserve Bank of India (RBI)? What do you think its role is?</li><li>How does RBI impact our daily financial activities?</li><li>Who decides interest rates for banks in India?</li></ol> <p>➤ <b>Development (30 Minutes)</b></p> <ol style="list-style-type: none"><li>Objectives of RBI Regulating the banking system – Ensures financial stability and protects depositors. Managing monetary policy – Controls inflation and economic growth. Issuing currency – Sole authority to print money in India. Managing foreign exchange – Maintains currency stability and forex reserves.</li><li>Structure of RBI<ul style="list-style-type: none"><li>Governor: Head of RBI (currently Shaktikanta Das).</li><li>Deputy Governors: Assist in different functions.</li><li>Board of Directors: Includes government officials and financial experts.</li></ul></li><li>Key Functions of RBI<ol style="list-style-type: none"><li><b>(A) Monetary Policy Implementation</b><ul style="list-style-type: none"><li>Controls inflation and liquidity through repo rate, reverse repo rate, CRR, SLR, etc.</li><li>Example: Raising interest rates to curb inflation.</li></ul></li><li><b>(B) Banking Regulation</b><ul style="list-style-type: none"><li>Supervises commercial banks, cooperative banks, and NBFCs.</li><li>Ensures financial stability and risk management.</li></ul></li><li><b>(C) Currency Issuance</b><ul style="list-style-type: none"><li>The only institution authorized to print Indian Rupees (₹).</li><li>Manages the supply of money in the economy.</li></ul></li><li><b>(D) Foreign Exchange and Reserves Management</b><ul style="list-style-type: none"><li>Maintains forex reserves to stabilize the rupee.</li><li>Regulates Foreign Exchange Management Act (FEMA).</li></ul></li><li><b>(E) Financial Inclusion and Digital Payments</b><ul style="list-style-type: none"><li>Promotes UPI, digital banking, and financial literacy.</li><li>Encourages banking in rural areas through Jan Dhan Yojana.</li></ul></li></ol></li><li>RBI's Recent Initiatives &amp; Reforms<ul style="list-style-type: none"><li>Introduction of Digital Rupee (CBDC) for secure digital transactions.</li><li>Financial Inclusion Drive through PMJDY and small finance banks.</li><li>New RBI Regulations on NBFCs and digital lending to prevent fraud.</li></ul></li></ol> <p>➤ <b>Exercise (5 Minutes)</b></p> <ol style="list-style-type: none"><li>What is the primary function of RBI?</li><li>Who is the current RBI Governor?</li></ol>	



	<ol style="list-style-type: none"><li>3. What does the repo rate control?</li></ol>
<b>Closure</b>	<ol style="list-style-type: none"><li>1. Summarise the lesson learning outcomes and get affirmation from students on these.</li><li>2. Suggested readings: Book 1, Ch.24</li><li>3. Homework: Who has the authority to print Indian currency?</li><li>4. Spend 5 minutes to wrap up and consolidate the learning</li></ol>
<b>Evaluation</b>	<ol style="list-style-type: none"><li>1. Reflective questions: What is the purpose of RBI's Digital Rupee?</li><li>2. Allow students to answer questions and discuss.</li><li>3. Spend 5 minutes to evaluate student assimilation of the lesson contents.</li></ol>



<b>Lesson Plan 5.8</b>	<b>Course Name: Financial Institutions and Markets</b> <b>Topic: IRDA</b>	<b>Course Code: BCMMJ-603</b>
<b>Objectives</b>	At the end of the lesson the student shall be able to: <ul style="list-style-type: none"><li>Analyse the role of IRDA</li><li>Evaluate the functions of IRDA</li></ul>	
<b>Teaching Aids (if any)</b>	<ul style="list-style-type: none"><li>Use of ICT</li></ul>	
<b>Teaching Development</b>	<p>➤ <b>Introduction (5 Minutes)</b></p> <ol style="list-style-type: none"><li>Have you ever bought an insurance policy?</li><li>What do you think is the role of an insurance regulator?</li><li>How does IRDAI protect policyholders in India?</li></ol> <p>➤ <b>Development (30 Minutes)</b></p> <ol style="list-style-type: none"><li>Objectives of IRDAI Protecting Policyholders' Interests – Ensuring fair claims settlement. Regulating Insurance Companies – Approving and monitoring insurers. Promoting Growth of the Insurance Industry – Encouraging innovations and financial security.</li><li>Structure of IRDAI<ul style="list-style-type: none"><li>Chairperson: Heads the regulatory body.</li><li>Members: Includes officials from finance, insurance, and legal backgrounds.</li></ul></li><li>Key Functions of IRDAI<ol style="list-style-type: none"><li>Regulation and Licensing<ul style="list-style-type: none"><li>Issues licenses to insurance companies, agents, and brokers.</li><li>Ensures compliance with industry rules and solvency norms.</li></ul></li><li>Consumer Protection<ul style="list-style-type: none"><li>Implements grievance redressal mechanisms for policyholders.</li><li>Ensures fair claim settlements and prevents fraud.</li></ul></li><li>Pricing and Investment Guidelines<ul style="list-style-type: none"><li>Sets pricing regulations for insurance premiums.</li><li>Regulates how insurers invest policyholders' funds.</li></ul></li><li>Promoting Financial Inclusion<ul style="list-style-type: none"><li>Encourages rural and small-scale insurance schemes.</li><li>Regulates government insurance programs like PMJJBY &amp; PMSBY.</li></ul></li></ol></li><li>IRDAI's Recent Initiatives &amp; Reforms<ul style="list-style-type: none"><li>Simplified Health Insurance Products – Standardization of policies like "Arogya Sanjeevani".</li><li>Digitization of Insurance – Promoting e-KYC and online policy issuance.</li><li>New Guidelines for InsurTech Startups – Encouraging innovation in digital insurance.</li><li>Faster Claims Settlement – Stricter rules for timely payouts.</li></ul></li></ol> <p>➤ <b>Exercise (5 Minutes)</b></p> <ol style="list-style-type: none"><li>What is the full form of IRDAI?</li><li>When was IRDAI established?</li><li>What is the main function of IRDAI?</li></ol>	



<b>Closure</b>	<ol style="list-style-type: none"><li>1. Summarise the lesson learning outcomes and get affirmation from students on these.</li><li>2. Suggested readings: Book 2, Ch.15</li><li>3. Homework: Name one-way IRDAI protects policyholders?</li><li>4. Spend 5 minutes to wrap up and consolidate the learning</li></ol>
<b>Evaluation</b>	<ol style="list-style-type: none"><li>1. Reflective questions: Which types of insurance does IRDAI regulate?</li><li>2. Allow students to answer questions and discuss.</li><li>3. Spend 5 minutes to evaluate student assimilation of the lesson contents.</li></ol>



<b>Lesson Plan 5.9</b>	<b>Course Name: Financial Institutions and Markets</b> <b>Topic: PFRDA</b>	<b>Course Code: BCMMJ-603</b>
<b>Objectives</b>	At the end of the lesson the student shall be able to: <ul style="list-style-type: none"><li>Analyse the role of PFRDA</li><li>Evaluate the functions of PFRDA</li></ul>	
<b>Teaching Aids (if any)</b>	<ul style="list-style-type: none"><li>Use of ICT</li></ul>	
<b>Teaching Development</b>	<p>➤ <b>Introduction (5 Minutes)</b></p> <ol style="list-style-type: none"><li>Have you heard of pension schemes like NPS (National Pension System)?</li><li>Why do you think a regulator is needed for pension funds?</li><li>How important is retirement planning in financial security?</li></ol> <p>➤ <b>Development (30 Minutes)</b></p> <ol style="list-style-type: none"><li>Objectives of PFRDA Regulating Pension Funds – Ensures safety and returns on retirement savings. Promoting Retirement Planning – Encourages long-term financial security. Protecting Subscribers' Interests – Ensures fund transparency and proper grievance handling.</li><li>Structure of PFRDA<ul style="list-style-type: none"><li>Chairperson: Heads the regulatory body.</li><li>Board Members: Includes officials from finance, legal, and investment backgrounds.</li></ul></li><li>Key Functions of PFRDA<ol style="list-style-type: none"><li>Regulation and Supervision of Pension Funds<ul style="list-style-type: none"><li>Oversees NPS, APY, and other pension schemes.</li><li>Licenses and monitors Pension Fund Managers (PFMs).</li></ul></li><li>Encouraging Retirement Savings<ul style="list-style-type: none"><li>Promotes participation in voluntary pension schemes.</li><li>Collaborates with government and private organizations.</li></ul></li><li>Protecting Subscriber Interests<ul style="list-style-type: none"><li>Implements grievance redressal mechanisms.</li><li>Ensures fair fund management and transparency.</li></ul></li><li>Investment and Fund Management Guidelines<ul style="list-style-type: none"><li>Regulates pension fund investments to ensure stable returns.</li><li>Encourages long-term wealth creation for retirees.</li></ul></li></ol></li><li>PFRDA's Recent Initiatives &amp; Reforms<ul style="list-style-type: none"><li>Easier NPS Withdrawals &amp; Transfers – More flexibility for subscribers.</li><li>Increased Investment in Equities &amp; Bonds – Enhancing pension fund returns.</li><li>Expanding Pension Coverage – Encouraging private-sector participation.</li><li>Digitization of Pension Services – Online account management and e-KYC for faster processing.</li></ul></li></ol> <p>➤ <b>Exercise (5 Minutes)</b></p> <ol style="list-style-type: none"><li>What is the full form of PFRDA?</li><li>When was PFRDA established?</li><li>Which major pension scheme does PFRDA regulate?</li></ol>	
<b>Closure</b>	<ol style="list-style-type: none"><li>Summarise the lesson learning outcomes and get affirmation from students on these.</li><li>Suggested readings: Book 2, Ch.18</li></ol>	



	<ol style="list-style-type: none"><li>3. Homework: What is the main role of PFRDA?</li><li>4. Spend 5 minutes to wrap up and consolidate the learning</li></ol>
<b>Evaluation</b>	<ol style="list-style-type: none"><li>1. Reflective questions: Name one government pension scheme under PFRDA.</li><li>2. Allow students to answer questions and discuss.</li><li>3. Spend 5 minutes to evaluate student assimilation of the lesson contents.</li></ol>