

INVESTMENT BANKING & FINANCIAL SERVICES

Subject Code	: 14MBA FM302	IA Marks	: 50
No. of Lecture Hours / Week	: 04	Exam Hours	: 03
Total Number of Lecture Hours	: 56	Exam Marks	: 100
Practical Component	: 01 Hour / Week		

Objectives:

1. To provide an understanding of the functioning of investment banking
2. To explain the role of depositories and custodians
3. To provide an in depth understanding of the financial services like factoring, venture capital, leasing and hire purchase.
4. To explain the concept and developments in micro finance, credit rating and securitisation

Module 1: (8 Hours)

Investment Banking- Introduction-Functions of Investment Banks- Types of Investment Banks-Investment Banking Services- Merchant Banking Services-Issue Management-Pre issue and Post issue obligations-Changing landscape of Investment Banking
Regulation of the Capital Market- SEBI regulations for merchant bankers, brokers and sub brokers, intermediaries and portfolio managers- SEBI issue and Listing of Debt securities Regulation 2008

Module 2: (8 Hours)

Depository System: Objectives, activities, interacting systems, role of depositories and their services, Advantages of depository system -NSDL and CDSL. The process of clearing and settlement through Depositories, Depository Participants.
Regulations relating to Depositories-SEBI (Depositories and Participants) Regulations 1996- Registration of depository and participant- Rights and Obligations of depositories and participants- Recent amendments
Custodial services- The Stock Holding Corporation of India Limited

Module 3: (7 Hours)

Housing Finance: Role, Types of housing loans, Institutions and banks offering Housing Finance, Procedure and Interest rates. Income Tax Implication. Reverse mortgage loan
Non-Banking Finance Companies: Types, Growth, Functions, RBI Guidelines, Prudential Norms.

Module 4: (7 Hours)

Factoring: Origin, Types, Factoring mechanism, advantages, factoring charges, International factoring, Factoring in India
Forfeiting: Origin, characteristics, benefits, difference between factoring and forfeiting, growth of forfeiting in India

Module 5: (8 Hours)

Underwriting: Concept-Devolvement-Business model-Underwring in fixed price offers and book built offers.

Venture Capital: Concept, features, Origin and the current Indian Scenario. Private equity-Investment banking perspectives in private equity

Microfinance-The paradigm-NGOs and SHGs-Microfinance delivery mechanisms-Future of micro finance

Module 6: (12 Hours)

Leasing: Concept, Steps in Leasing Transactions, Types of Lease, Legal frameworks, Advantages and disadvantages of Leasing, Contents of a Lease Agreement, Matters on Depreciation and Tax, Problems in leasing, Factors influencing Buy or Borrow or Lease Decision.

Hire Purchasing: Concepts and features, Hire Purchase Agreement, Comparison of Hire Purchase with Credit sale, Instalment sale and Leasing. Banks and Hire Purchase. Problems related to outright purchase, Hire purchase and Leasing.

Module 7: (6 Hours)

Credit rating: Definition and meaning, Process of credit rating of financial instruments, Rating methodology, Rating agencies, Rating symbols of different companies. Rating agencies for SMEs

Securitization of debt: Meaning, Features, Special Purpose Vehicle, Types of securitisable assets, Benefits of Securitization, Issues in Securitization.

(QUESTION PAPER: Full Theory Case study-Problem on leasing, hire purchase, outright purchase.)

Practical Components:

1. Students can study the procedure for the sanction of housing loans by a bank
2. Students can study the Procedure to open a Demat account and an Online Trading Account.
3. Students can study the Calculation of EMI.
4. Students can visit a NBFC and study their operations
5. Students may visit a SHG/NGO and study the micro finance aspects
6. Visit a bank/financial institution providing factoring service and submit a report.

RECOMMENDED BOOKS:

1. Indian Financial System – Bharati V. Pathak, Pearson Education, 3/e, 2011.
2. Investment Banking- Pratap G Subramanyam, Tata McGraw Hill Education Private Limited, 2012
3. Financial services- Khan M.Y, 6/e, McGraw Hill, 2011.
4. Financial Markets and Services – Gordon & Natarajan, 7/e, Himalaya publishing, 2011.
5. Merchant Banking & Financial services- Vij & Dhavan, 1/e, McGraw Hill, 2011.

REFERENCE BOOKS:

1. Indian Financial System – Machiraju, 4/e, Vikas, 2010
2. Indian Financial System—Khan M. Y, 7/e, TMH, 2011.
3. Dynamics of Financial Markets and Institutions in India – Srivastava R. M, Excel BOOKS, 2010.