

BHARATHIAR UNIVERSITY: COIMBATORE – 641 046
SCHOOL OF DISTANCE EDUCATION (SDE)
for the SDE students admitted during the academic year 2010-11 & Onwards

M.B.A - Banking and Finance
(Annual Pattern)

<u>Paper</u>	<u>Name of the Subject</u>	<u>Marks</u>
<u>Second Year</u>		
2.1	Financial Institutions and Services	100
2.2	Management Control Systems	100
2.3	Banking and Insurance Marketing	100
2.4	Management of Banking and Insurance Companies	100
2.5	Commercial Banking and Role of RBI	100
2.6	Mutual Fund Management	100
2.7	Merchant Banking	100

II Year

2.1. Financial Institutions and Services

UNIT-I

The basic Theoretical Framework: The financial system and its technology; The factors affecting the stability of the financial system; Development finance vs. universal banking; Financial intermediaries and Financial Innovation; RBI-Central Banking.

UNIT-II

The Financial Institutions: A brief historical perspective. An update on the performance of IDBI, ICICI, IFCI and SFCs, LIC & GIC- The banking Institutions: Commercial banks - the public and the private sectors - structure and comparative performance. The problems of competition; interest rates, spreads, and NPAs. Bank capital - adequacy norms and capital market support.

UNIT-III

The Non-banking financial institutions: Evolution, control by RBI and SEBI - A perspective on future role. Unit Trust of India and Mutual Funds. Reserve bank of India Framework for/Regulation of Bank Credit . Commercial paper: Features and advantages, Framework of Indian CP Market, effective cost/interest yield.

UNIT-IV

Insurance: The Economics of Insurance; Life Insurance; Reinsurance; The Insurance Industry and its regulation. Efficiency and the Structure of the Insurance Industry; Pension funds; Pension plans today.

UNIT-V

Financial services: Asset/fund based Financial services - lease finance, consumer credit and hire purchase finance, factoring definition, functions, advantages, evaluation and forfeiting, bills discounting, housing finance, venture capital financing. Fee-based / Advisory services: Stock broking, credit rating.

REFERENCE BOOKS

1. M.Y.Khan, Financial Services, Tata McGraw-Hill, New Delhi, 2004.
2. Harsh V.Verma, Marketing of Services, Global Business Press, 2002
3. Sames L .Heskett, Managing In the Service Economy, Harvard Business School Press, Boston, 2001.
4. M.Y.Khan, Indian Financial System, 4/eTata Mc Graw-Hill, New Delhi, 2004
5. Frank.J.Fabozzi & Franco Modigliani, Foundations of Financial Markets and Institutions, 3/e, Pearson Education Asia, 2002.
6. H.R Machiraju, Indian Financial Systems, Vikas Publishing House Pvt. Ltd.2002.
7. Meir Kohn, Financial Institutions and Markets, Tata McGraw-Hill, New Delhi, 2003.

8. Pathak : Indian Financial Systems – Pearson Education

2.2. MANAGEMENT CONTROL SYSTEM

UNIT-I

Characteristics of Management Control System - Evolution of control systems in an organization - Relating system to organizational objectives - Strategic Planning, Management Control and Operational Control - Goal Congruence - Cybernetic Paradigm of Grissinger - Functions of the Controller

UNIT-II

Responsibility Centers - Types of Responsibility Centers - Expense Centers, Profit Centers and Investment Centers - Budgetary Control as a tool for Management Control Systems - Engineered, Discretionary and Committed Costs - Approaches to budgeting w.r.t. Engineered and Discretionary costs - Benchmarking and Total Cost Management

UNIT-III

Transfer Pricing (Market based and Cost Based) - Related numerical problems - Return on Investment, Economic Value Added, Capital Budgeting and Ratio Analysis as a tool to management performance measurement

UNIT-IV

Management Control Systems in Service Sector vis-à-vis in Manufacturing Sector – Financial and Non-financial performance measures with reference to Balance Score Card (Rock Water's Model)

UNIT-V

Long Range Planning - Converting corporate vision into a long-range plan - Input Output Relationship Introduction to Audit Function as a control tool covering Financial Audit, Internal Audit and Cost Audit - Management Audit - Principles and Objectives A minimum 5 cases in designing and implementation of control systems

REFERENCE BOOKS

1. Management Control Systems, 10th Ed. - Anthony and Govindrajan
2. Practical Auditing - B.N.Tandon
3. Cost Accounting - B.K.Bhar
4. Management Control Systems - Kirby
5. Financial Management - Prasanna Chandra

2.3. Banking and Insurance Marketing

UNIT I

Meaning & scope of marketing, modern concepts of marketing, marketing strategy, STP approach, differences between goods & services marketing, Marketing environment with references to Banking & Insurance in India, customers expectation & orientation with references to Banking & Insurance in India.

UNIT II

The concept of Banking Marketing & insurance marketing, formulation of marketing mix for banking and insurance sector, Promotion strategy for banks and insurance sector. Relationship marketing, behavioural profile of customers, factors influencing customer behaviour, Basic problems in life insurance marketing.

UNIT III

Product, New product development process, product life cycle, branding, methods of pricing and strategy with references to Banking & Insurance in India.

UNIT IV

Promotion mix, managing the sales force, selling process, selling skill, distribution strategy with reference to banking and insurance sector.

UNIT V

Delivery of services, the process and measurement, understanding of service quality and building customer relationship. Case studies from Banking & Insurance sector

Reference Book:

1. C B Gupta & Rajan Nair, Marketing Management, Sultan Chand & Sons
2. S Arora, Marketing of Financial Services, Deep and Deep Publications
3. R Keshavanathan, Banking and Insurance Management, Academic Excellence Publications
4. Macmillan, Marketing of Banking Services, Macmillan India Limited.
5. P Saritha Srinivas, Marketing of Banking Financial Services, Serial Publications
6. P K Biswasroy, Marketing of Life Insurance Business, Discovery Publishing House.

2.4. Management of Banking and Insurance Companies

UNIT I

Management of Banking Companies: Principles of Banking, Debitisation of Bank, Creation of Money, Present Structure of Commercial Banking System in India, Transaction in Working during 1947 to 1991 and there after. Principles of Insurance: Definition of Insurance, Meaning and Definition of Risks

UNIT II

Management Principles in Banks: Nature of Insurance Business, Nature of Insurance contract, Insurance Contract vs. Wage sing contract, Importance of Insurance, Uses of Insurance Business.

UNIT III

Management of Deposit and Advances: Role of Development Officer, Meaning, Importance of Development Officer, Duties of Development Officer.

UNIT IV

Investment Report: Nature of Bank Investment, Role of Insurance Agents, Meaning and Definition of Agents, Recruitment and Selection of Agents, Training of Agents, Duties of Agents, Code of Conduct for Agents, Rights of Agents, Essential Qualifications for Successful Agents, Termination of Agents.

UNIT V

Management of Finance: Bank Accounts, Records, Reports, Statement of Advances, Profit and Loss Accounts, Balance Sheet and Reports. Management Principles in Insurance: Management Function in Insurance, Hierarchy, Individual and Group Behavior, Management of Personnel of Manager, Management Process of Selection, Training, Promotion etc.

Reference Book:

1. Vivek Gupta, Management of Insurance Companies, Icfai University Press.
2. Singh, Bhattacharya, Banking Sector Management, Discovery Publishing House.
3. Dr.C.Satyadevi, Financial Services - Banking and Insurance, S.Chand Publications
4. Mishra M N, S B Mishra, Insurance Principles and Practice, S.Chand Publications

2.5. Commercial Banking and Role of RBI

Unit I: Structure of Indian Financial System, Central Bank-Regulatory framework SWOT analysis of commercial Banks and challenges before commercial Banks

Unit II: Business environment of Commercial Banks. Definition of Customer and Banker. Various deposit schemes and customers Rights and duties of Bankers, Negotiable instrument act and various methods of granting advances viz Cash credit, bills discounting and term loan finance.

Unit III: Various forms of financing methods under non fund based limits viz Bank guarantees and letters of credit etc Appraisal of Fund Based limits and non fund based limits viz ratio analysis, MPBF method of assessing working capital requirement. Method of assessing non fund based limits

Unit IV: To discuss case study on working capital assessment and appraisal of Term loan appraisal - Various types of charges for creation of securities and Monitoring of advances

Unit V: Balance sheet management and Profit and Loss Management - Management of Non performing assets - Capital Adequacy under Basel II guidelines, Asset liability Management and various other risk management

Reference Book:

1. D K Murthy, Indian Financial System, IK International Private Limited.
2. H R Machiraju, Modern Commercial Banking, New Age International
3. Parameswaran R, Natarajan S, Kandasami K P, Banking Law and Practice, S.Chand Publications

2.6. Mutual Fund Management

UNIT I:

Introduction and evaluation of mutual funds: Concept and Role of MFs, evaluation of MFs in India, types of MFs, legal structure, other fund constitution and fund manages and scheme takeovers.

UNIT II:

Regulation of MFs and MFs prospectus and balance sheet and offer document: Role of regulator in India and self regulatory organization (SROs) and investors rights and obligations, contents of offer document, the key information memorandum.

UNIT III:

Fund distribution and sales practices and investor services: Distribution channel, sales practices, application and redemption, investment plans and services.

UNIT IV:

Accounting, valuation, taxation of MFs, measurement and evaluation of MF performance.

UNIT V:

Management of MFs (Investor advisory services): Helping investors with financial plan and recommending financial planning strategies to investors; Strategies of investors in MF investing: Selecting the right investment products, understanding risk in fund investing and constructing model portfolio and selecting right fund.

Reference Books:

1. Mutual Funds in India by Sadhak.H, Response Books New Delhi.
2. Mutual Fund Year Book 2000.
3. Financial services, ICFAI publication.
4. AMFI mutual fund testing programme by D.C. Anjari from AMFI publication.
5. Financial markets and services by Garden and Natarajan, HPH.
6. Financial services by Guru Prasad, Thomason Publication.

2.7. MERCHANT BANKING

UNIT-I

Overview of Indian Financial System-Development Since 1991- Role of Financial Intermediaries- Various Financial Intermediaries

UNIT-II

Capital Market- Instruments-Traditional and Emerging (ECB, ADR, GDR) Capital Marketing in India-Operations in Primary Markets-Instruments involved-Role of SEBI.

UNIT-III

Secondary Markets Stocks Exchanges in India-National Stock Exchange(NSE)—Stock Holding Corporation of India (SHCIL)-Share Trading- Introduction to Derivatives and Commodities-Scrip less Trading –E-Trading-Index/Futures Trading –Share Lending Scheme-Book Building –Buy back of shares-Mergers & Acquisition –Regulations.

UNIT-IV

Money Market Nature and role of Money market in India – Instruments in Money Market viz, CPs, CDs,Bill of exchange, ICDs, Treasury Bill – Role of DFHI/STCI in Money Market – ECBs.

UNIT-V

Financial Services – Credit rating – Factoring and forfeiting – leasing and hire purchasing- Securitization of debts-Housing finance – Merchant Banking services and functions, Mutual Funds-All SEBI guidelines related to topics covered above- Current development are expected to be covered, International operations in stock market.

REFERENCE BOOKS

1. Indian Financial Services- M.Y. Khan
2. Marketing of Financial Services- V. A. Avdhani
3. Advance Financial Management- Kohak
4. SEBI Guidelines on Merchant Banking.
