

## Theory Paper

Part A Introduction			
Program:	M.Com.	Class: M.Com III <sup>rd</sup>	Session: 2025-26
Subject: Financial Institution and Market			

1.	Course Code	CC33
2.	Course Title	Financial Institution and Market
3.	Course Type	OFA – I
4.	Pre-requisite (If any)	B.com (Honours)/ B.com(Honours with Research)
5.	Course Learning outcomes (CLO)	<p>On successful completion of this course, students will be able to-</p> <ol style="list-style-type: none"> <li>1. Understand the working of financial institutions and markets both individually and as an interlinked system.</li> <li>2. Understand the factors affecting interest rates and yield curve and the importance of change in interest rates for all constituents of the financial system.</li> <li>3. Understand the organization, role, functioning and need for regulation of different types of financial markets and the implications of the same on society.</li> <li>4. Understand the organization, role, functioning and need for regulation of different types of non-depository institutions like mutual funds, pension funds, insurance, venture capital,</li> </ol>

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		private equity and hedge funds and the implications of the same on society.
		5. Critically analyze the pivotal role of banking in a financial system and the reasons for it being among the most tightly regulated industries in the world.
6	Credit Value	5
7.	Total Marks	Max. Marks 40+60 Mini. Passing marks: 40

### Part B- Content of the Course

Total No. of Lectures-

75

Unit	Topic	No. of Lectures
1.	<b>Introduction:</b> Overview of financial markets and financial instruments of India, Ancient financial system of India Role of financial institutions, depository and non-depository institutions; Consolidation & competition among financial institutions; Financial conglomerates. Overview of the Indian financial system including financial sector reforms; Other contemporary issues in finance.	15
2.	<b>Interest Rate:</b> Loanable Funds Theory, economic forces affecting interest rates, factors affecting yield differentials of debt instruments; Term structure of interest rates: Pure Expectations Theory, Liquidity Premium Theory, Segmented Markets Theory & Preferred Habitat Theory, Yield Curve.	15
3.	<b>Financial Markets:</b> Money markets-organization, economic role, instruments & regulation; Capital Markets- Primary & secondary markets and their organization; Different types of market structures, short selling and its implications, buying on margin; Stock market indicators, their methods of computation and	15

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	implications of the same; Security market regulation and stability.	
4.	<b>Non-Depository Institutions: Mutual Funds-</b> Types of mutual funds schemes, ETFs, Expenses associated with mutual funds; An overview of Indian Mutual Funds Industry; Hedge funds, venture capital funds, private equity funds and regulation. <b>Pension Funds-</b> Issues in saving for retirement & role of the financial system; Defined benefit & defined contribution pension plans, Pension funds as financial intermediaries and their regulation; An overview of Indian pension fund industry.	15
5.	<b>Banking:</b> An overview of the banking industry; Balance sheet of a bank; Sources & uses of funds of banks, Fee based & off - balance sheet activities; Securitization; Bank earnings & bank performance, investment banking; Bank failure & regulation; Reasons for banks being heavily regulated, bank run, deposit insurance, capital adequacy regulation and a critique of the Basel norms, bank examination etc. The problem of moral hazard & too big to fail institutions; RBI and its policy evolution. <b>Financial Inclusion:</b> Concept of financial inclusion; Challenges involved in measuring financial inclusion; Impediments to financial inclusion; Role of financial inclusion in reducing poverty and income inequality, evidence-based examples of policies to support healthy and sustainable financial inclusion.	15
Keywords/Tags: Financial Market, Instrument, Yield Curve, Money market, Capital Market, Stock, ETF, Pension.		
<b>Part C- Learning Resources</b>		

**Text Books, Reference books, Other Resources**

1. L.M.Bhole, Jitendra Mahakud: 'Financial institutions and market' The McGraw Hill companies.
2. Karen Berman, Joe knight 'Financial Intelligence' Harvard Business Review Press.

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3. Anthony Saunders, Marcia Million Cornett, Ansul Jain 'Financial market and institution' The Mc Graw Hill.
4. एल. एम. भोले, जितेंद्र महाकुड 'वित्तीय संस्थाएं और बाजार संरचना विकास और नवाचार' दि मैकग्राहिल, कंपनीज.
5. एंथोनी सॉन्डर्स, मर्सियामिलियन, अंशुलजैन, वित्तीय बाजार और संस्थान, दि, एम.सी. ग्राहिल कंपनीज.
6. माथुर, मुकेश, भारतीय वित्तीय व्यवस्था, राजस्थान, हिंदी ग्रंथ अकादमी.

#### **Suggestive Digital Platform/ web links**

<https://www.distanceeducationju.in/pdf/mcom%20%E%203.pdf>[https://baou.edu.in/assets/pdf/PGDF\\_103\\_slm.pdf](https://baou.edu.in/assets/pdf/PGDF_103_slm.pdf)<https://hpuniv.ac.in/hpuniv/upload/uploadfiles/files/fin%20inst%20mkt.pdf><https://www.tvu.edu.in/wp-content/themes/thiruvalluvar/pdf/Financial-Institutions-and-Markets.pdf>[https://www.phindia.com/Books/BookDetail/9788196378974/financial-markets-financial-institutions-and-financial-services-goel?srsltid=AfmBOoriokGxErisUkLHAtvsTNW\\_EWfBnOVCBYqSQQGuBewk59pfM4Za](https://www.phindia.com/Books/BookDetail/9788196378974/financial-markets-financial-institutions-and-financial-services-goel?srsltid=AfmBOoriokGxErisUkLHAtvsTNW_EWfBnOVCBYqSQQGuBewk59pfM4Za)<https://www.mheducation.co.in/financial-markets-and-institutions-9789389811988-india>

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**Part D- Assessment and Evaluation**

**Suggested Continuous Evaluation Methods:**

Maximum Marks: 100

Continuous Comprehensive Evaluation (CCE): 40 Marks University Exam (UE): 60 Marks

<b>Internal Assessment:</b> Continuous Comprehensive Evaluation (CCE)	Class Test Assignment/presentation As Per Ordinance 14(2)	40
<b>External Assessment:</b> University Exam Section Time: 3 Hours	Section(A): Short Question ( $5 \times 4 = 20$ ) Section (B): Long Question ( $5 \times 8 = 40$ )	60

Any remarks/Suggestions:

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## Theory Paper

Part A Introduction		
Program: M.Com.	Class: M.Com. <i>III<sup>rd</sup></i>	Session: 2025-26
Subject: Advance Financial Management And Policy		
1. Course Code	CC34	
2. Course Title	Advance Financial Management And Policy	
3. Course Type	OFA-404 II	
4. Pre-requisite (If any)	B. com: Honours / Hrs with Res.	
5. Course Learning outcomes (CLO)	<p>On successful completion of this course, students will be able to-</p> <ol style="list-style-type: none"> <li>1. Understand the foundations of financial management, risk return framework and role of a finance manager.</li> <li>2. Analyze and evaluate capital projects under different situations using appropriate capital budgeting techniques.</li> <li>3. Critically examine various theories and determinants of capital structure, analyze financial plans and determine optimal capital structure.</li> <li>4. Critically examine various theories and policies of dividend and determine optimal payout policy.</li> <li>5. Understand the intricacies of working capital management and</li> </ol>	

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		effectively manage cash, receivables and inventories.
6	Credit Value	5
7.	Total Marks	Max. Marks 40+60 Mini. Passing marks: 40

**Part B- Content of the Course**

Total No. of Lectures-

Unit	Topic	No. of Lectures
1.	<b>Introduction:</b> Nature, scope and objectives of financial management; Measurement of shareholders' wealth; Discounted cash flows (DCF); Finance as a strategic function; Role of a finance manager, Concepts of Risk, Return and Time value of money; Financial decision making and types of financial decisions; Risk-return trade off in financial decisions; Agency problem and agency costs	15
2.	<b>Capital Budgeting Decision:</b> Nature, significance and types of capital budgeting decisions; Capital budgeting process; Principles of cash flow estimation; Estimation of cash flows; Capital budgeting techniques- ARR, Payback period, Discounted Payback Period (DPB), Net Present value (NPV), Equivalent Annual NPV, and Internal rate of return (IRR), Incremental IRR, Modified IRR and Profitability index; Fisher's rate of intersection; Capital budgeting decision under inflation, capital rationing and multi period budget constraints; Capital budgeting decision under risk and uncertainty; Techniques for incorporating risk and uncertainty in capital budgeting decisions- Risk Adjusted Discount Rate Method (RADR), Certainty Equivalent method, DCF Break Even Analysis, Simulation method, Probability distribution method, Decision tree analysis, Backward induction method, Sensitivity analysis and Scenario analysis.	15
3.	<b>Cost of Capital and Capital Structure Decision:</b> Specific costs	15

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	of capital, weighted average cost of capital, weighted marginal cost of capital; Theories of capital structure- Net Income theory, Net Operating Income theory, Traditional theory, MM Hypothesis without and with corporate taxes, Merton Miller argument with corporate and personal taxes, Trade off theory, Pecking order theory, Market timing theory; Signaling theory and effect of information asymmetry on capital structure; Financial leverage and evaluation of financial plans (EBIT-EPS analysis); The concept of present value of interest tax shield; Determination of beta of levered firm and optimal capital structure; Factors affecting choice of Capital structure in practice, over - capitalization and under under-capitalization.	
4.	<b>Dividend Decision:</b> Meaning, importance and factor of dividend decision, Issues in dividend decision; Dividend rate and dividend yield; Theories of relevance and irrelevance of dividend in firm valuation - Pure residual theory, Walter's model, Gordon's Model, MM Hypothesis, Bird-in-hand theory and Dividend signaling theory; Relevance of dividend under market imperfections; Traditional and Radical position on dividend; Types of dividend policies in practice- Pure residual policy, constant rupee dividend policy, constant dividend payout policy and smooth stream dividend policy; Determinants of dividend policy in practice; Lintner's Model of corporate dividend behavior	15
5.	<b>Working Capital Management:</b> Concept and types of working capital; Operating cycle and cash cycle; Estimation of working capital requirement; Approaches of working capital financing; Determinants of working capital; Components of working capital management; Cash management- Baumol's Model and Miller-Orr Model of managing cash; Receivables management- dimensions of credit policy, credit, analysis and evaluation of credit policies; Inventory management. Sources of working capital.	15



**Keywords/Tags:** Financial Management, Risk, IRR, NPV, Pay-back period, capital structure, dividend decision, working capital.

**Part C- Learning Resources**

**Text Books, Reference books, Other Resources**

1. Brealey, R. A. and Myers S. C. Principles of Corporate Finance. McGraw Hill.
2. Chandra, P. Financial Management-Theory and Practice. Tata McGraw Hill.
3. Damodaran, A. Corporate Finance: Theory and Practice. John Wiley & Sons
4. Pandey, I. M. Financial Management. Vikas Publishing House, New
5. Ross, S. A. and Westerfield, R. W. Corporate Finance. McGraw Hill.
6. डॉ. कुलश्रेष्ठ, आर. एस. 'निगमोंका वित्तीय प्रबंध', साहित्य भवन पब्लिशर्स एवं डिस्ट्रीब्यूटर्स, आगरा
7. डॉ. गुप्ता, एस. पी., 'वित्तीय प्रबंध' साहित्य भवन पब्लिकेशंस, आगरा.
8. डॉ. अग्रवाल, एम. डी. 'वित्तीय प्रबंध', रमेश बुक डिपो, जयपुर.

**Suggestive Digital Platform/ Web links**

<https://himpub.com/product/advanced-financial-management-and-practices/>

[https://studyathome.org/products/advanced-financial-management-policy-for-mcom-du-delhi-university-by-ca-raj-k-](https://studyathome.org/products/advanced-financial-management-policy-for-mcom-du-delhi-university-by-ca-raj-k-agrawal/?srsltid=AfmBOoqDQ2mJgTn9shLPpt27i6CSp9vG4JQ6m3bJeVA-MQy5XhA5rNcn)

[agrawal/?srsltid=AfmBOoqDQ2mJgTn9shLPpt27i6CSp9vG4JQ6m3](https://studyathome.org/products/advanced-financial-management-policy-for-mcom-du-delhi-university-by-ca-raj-k-agrawal/?srsltid=AfmBOoqDQ2mJgTn9shLPpt27i6CSp9vG4JQ6m3bJeVA-MQy5XhA5rNcn)

[bJeVA-MQy5XhA5rNcn](https://studyathome.org/products/advanced-financial-management-policy-for-mcom-du-delhi-university-by-ca-raj-k-agrawal/?srsltid=AfmBOoqDQ2mJgTn9shLPpt27i6CSp9vG4JQ6m3bJeVA-MQy5XhA5rNcn)

<https://www.bbpublication.com/product/ca-final-advanced-financial-management-afm-magic-book-by-ca-sankalp-kanstiya-applicable-for-may-and-november-2025>

<https://himpub.com>

<https://sahityabhawanpublications.com>

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### Part D- Assessment and Evaluation

#### Suggested Continuous Evaluation Methods:

Maximum Marks: 100

Continuous Comprehensive Evaluation (CCE): 40 Marks University Exam (UE):  
60 Marks

Internal Assessment: Continuous Comprehensive Evaluation (CCE)	Class Test Assignment/presentation As Per Ordinance 14(2)	
External Assessment: University Exam Section Time: 3 Hours	Section(A): Short Question Section (B): Long Question	

Any remarks/Suggestions:

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