

UNDERGRADUATE PROGRAMME IN BACHELOR OF MANAGEMENT STUDIES

MANAGEMENT OF FINANCIAL INSTITUTIONS

Learning Objective: This Paper enables the students to understand the tools and techniques of management of banks and financial institutions.

Course Contents:

Unit I

Lectures: 12

Structure of Indian Financial System: An overview of the Indian financial system, financial sector reforms : context, need and objectives; major reforms in the last decade; competition; deregulation; capital requirements; issues in financial reforms and restructuring; future agenda of reforms; Regulation of Banks, NBFCs & FIs: Salient provisions of banking regulation act and RBI Act; Role of RBI as a central banker; Products offered by Banks and FIs: Retail banking and corporate banking products. Universal Banking: need, importance, trends and RBI guidelines, Core banking solution (CBS); RTGS and internet banking, NBFCs and its types; comparison between Banks and NBFCs

Unit II

Lectures: 11

Analyzing Bank Performance: The balance sheet; income statement; profitability, liquidity and solvency analysis; CAMELS Risk system. Asset Liability Management: RBI guidelines on asset liability management; liquidity risk, liquidity management; setting up prudential limits; interest rate risk ALM vis a vis profitability; factors affecting interest rates; structure of interest rates; gap analysis (with numerical)

Unit III

Lectures: 11

Investment & Funds Management: Funds Flow Analysis; Borrowing & lending behavior of FIs; valuation of investments; SLR & CRR management (with numerical). Risk Management in banks: RBI guidelines on credit risk management; credit policy, credit process, characteristics of different types of loans; assessing credit risk, credit risk rating and credit pricing; exposure norms; parameters of financing by banks & FIs, Prevention and detection of frauds. Capital Adequacy: Capital adequacy norms; Basel agreement-II&III; effect of capital requirements on bank operating policies

Unit IV

Lectures: 11

Management of non-performing loans: Classification of assets; income recognition and provisioning norms (with numerical); reasons for NPAs; preventive and corrective steps-Corporate Debt Restructuring, recovery management policy, compromise and settlements.

Unit V

Lectures:11

Insurance companies: Economics of insurance, life insurance, general insurance, reinsurance; Insurance Sector Reforms; liberalization of insurance sector; entry norms for insurance sector; investment management policies; exposure norms.

Text Books:

1. Saunders, Anthony & Cornett, Marica Millon. *Financial markets & institutions: A modern perspective*: TMIT
2. LM Bhole. *Financial institutions & markets: Structure, growth & innovations*. TMH (5th ed.)

References

1. Madura, Jeff ; *Financial institutions & market*: Cengage Learning
2. www.rbi.org
3. The teaching will be mainly through latest study material available from RBI, various stock exchanges, market regulators and Govt. agencies.