

FSC105 Financial Services – I [4 Credits]

Learning Objective: *To make the student understand about the importance and operations of major Financial Services.*

UNIT 1: Introduction, Development, Structure and Activities of Financial Services (4 Hours)

Evolution of Financial Services in India, Overview of Financial Services , Growth and Structure. Banking and Non - Banking Companies , Classification of Non –Banking Companies and NBFC’s Activities.

UNIT 2: Leasing and Hire Purchase (14 Hours)

Leasing - Definition of Leasing -, Modus-Operandi of Lease (Procedure) Types of Leasing (Finance and Operating lease structure), Financial lease are “Loan Look –alike”-from Lessor and Lessee point of view- Differences between Leasing and plain Financing and Forms of Lease Financing. Legal aspects of Leasing- Drawn from General Law of bailment and Court Rulings. Advantages and Limitations of Leasing.

Hire Purchase- Introduction, Meaning, Characteristics, Nature of Hire Purchase, Modus Operandi of Hire Purchase transaction, Hire Purchases v/s Installment Payment System, and Lease Financing.

UNIT 3: Factoring and Insurance (14 Hours)

Factoring -Definition of Factoring-Meaning of factoring- features of factoring- Activities of factoring- Mechanism of factoring -Various Documents involve in factoring. Types of Factoring- International factoring- Two Factor System- Direct Export Factoring - Direct import Factoring. Factoring agreement- Functioning of Factoring- Cost of Factoring-impact of Factoring. Factoring v/s Forfeiting, Advantages & Disadvantages of Factoring

Insurance- Definition- Conditions of Insurance- Principles of insurance and Classification of Insurance business

UNIT 4: Venture Capital (10 Hours)

Venture Capital -Definition and Meaning of Venture Capital- Need for Venture Capital- Characteristics of Venture Capital. Modes of Venture Capital Financing- Company- Trust- Limited Partnership- Comparative analysis of different modes of Venture Capital Financing .Stages in Venture Capital Financing – Venture Capital Process-Meaning of Angel- Choosing an Angel- Features of Angels- TIE (The IndUS Entrepreneurs). Venture Capital Assistances and Schemes in India and Abroad.

UNIT 5: Mutual Funds (18 Hours)

Mutual Funds- Types of mutual funds- Mutual fund classification, Advantages & Disadvantages of mutual funds.

Organisation of Mutual funds — Parties in Mutual Fund Organisation Structure.

Offer Document- Contents of Offer document (as per the format specified by SEBI) and Key Information Memorandum (KIM) contents. Investment plans /Options and Other Investor services

Suggested Readings:

1. Khan M.Y. "Financial Services", Tata MC Graw Hill Co. Ltd., New Delhi
2. J.C. Verma., Venture Capital Financing in India, Response Books
3. J.C,Verma “ Leasing Financing and Hire Purchase, Bharat Publications
4. J.C Verma “Mutual Funds and Investment Portfolio, Bharat Publications
5. AMFI Workbook
6. P. K. Gupta, fundamentals of Insurance, Himalaya Publishing house
7. P. Periaswami, Principles and Practice of Insurance, Himalaya Publishing House.