FINANCIAL SERVICES

B.B.A. (Sem. - VI)

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Prof. Dr. S. N. Gawati
Prof. Dr. Sadashiv L. Shiragave
Prof. Dr. M. G. Mulla
Prof. Dr. D. S, Borkar
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Prof. Dr. Y. R. Thorat has an outstanding academic career. His experience covers almost 30 years of teaching experience in the field of Advanced Accountancy, Auditing, Taxation, Management Accountancy and Cost & Works Accounting. He is currently working on the post of Vice Principal and H.O.D. in Commerce Dept. at S.B.B. alias Appasaheb Jedhe Arts, Commerce and Science College, Pune. He is member of Board of Studies in B.B.A and also ex-member of Board of Studies in Accountancy and ex-member of faculty of commerce at University of Pune. He served number of committees of University of Pune as a chairman. He is author of many books on Accountancy. He also served as Principal of Appasaheb Jedhe College.

Prof. Dr. Shirish N. Gawali
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Prof. Dr. Shirish N. Gawali is a Associate Professor in Commerce in Rayat Shikshan Sanstha's Chandraroop Dakale Jain College of Commerce, Shrirampur. He has a rich teaching experience of 30 years for U.G. and 25 years for P.G. He is head of the Department of Business Practices. He is the Author, Co-author and Editor of number of books on Business Practices, Business Management, Business Administration and Auditing. He is a approred guide for M.Phil and Ph.D. Course of Pune University. He is the winner of number of awards such as 1) Prof. G. B. Kulkarni Award for the Best Teacher in Commerce, University of Pune 2) Bar. P. G. Patil Best Teacher Award Sponsored by Prin. M. M. Swami throngh Rayt Shikshan Sanstha, Satara 3) Mahakavi Waman Dada Kardak Award for the Best Teacher at Sate level by Milind Sanstha, Nashik (4) Dr. Radha Krishan Gold Medal Award by GEPRA (Tamil Nadu) (5) Bodhisatwa Dr. Babasaheb Ambedkar Samata Award for the Best Teacher at Sate level by PBSS Sanstha Naldurg (Osmanabad). Dr.Shirish Gawali is the Member of Board of Studies of Business Practices and Member of Commerce faculty in Pune University for the period of 2000 to 2015. He has presented number of research papers on state, National and International levels Conference. He is Working as Major Rank for N.C.C.

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Prof. Dr. M. G. Mulla
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Prof. Dr. M. G. Mulla is having first class throughout his academic career. His teaching experience covers a span of 20 years for the under and post graduate classes.He is working as H.O.D. of costing dept. in Abeda Inamdar College, Pune. He is a Recognised M.Phil. and Ph. D. Research Guide in Pune University. He has contributed several research article and research paper in various National and International Research Journals. He has chaired several national and state level seminars. He has delivered several keynote. He is a member of All India Commerce Association and member of BOS in Business Administration. He has published several books in commerce. He is recipent of various prizes & awards. He is a very popular among the students and staff.

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Dr. D. S. Borkar has an excellent academic background. He has almost 14 years of teaching experience for Graduate as well as Post Graduate Level. He is currently working as Assistant Professor at Shri Shahu Madir Mahavidyalaya, Parvati, Pune. He has vast and rich knowledge in the field of Accounting, Costing and Taxation. He has attended many Seminars, Conference and Workshops. He also showed his massive contribution in Paper Presentation at International Level and National Level and many of them get published too. He is also author of various books on Management Accounting, Corporate Accounting, Auditing and Financial Accounting.

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Syllabus

B.B.A. (Sem. - VI)

Financial Services (605 A)

Unit No.	Topic	No. of Lectures
1.	**Indian Financial System : An Overview** 1.1 Introduction to Financial System 1.2 Structure of Financial System - Financial Institutions, Financial Markets, Financial Instruments and Financial Services 1.3 Overview of Indian Financial System since 1991 1.4 **Financial Intermediaries in Financial System:** Merchant Bankers, Underwriters, Depositories, Brokers, Sub brokers, Bankers etc.	9
2.	**Introduction to Financial Markets** 2.1 **Capital Market** - Primary Market – Management of IPO, Secondary Market – Stock Exchanges in India – Introduction, NSE, BSE, OTCEI 2.2 Role of SEBI as a regulatory authority 2.3 Introduction to Derivatives, Futures and Options 2.4 Money Market – Introduction , Money Market instruments – Call and Notice money market, Treasury Bill, Commercial Papers, Certificate of Deposits , Money Market Mutual Fund, Inter corporate deposits 2.5 Difference between Money Market and Capital Market	14
3.	**Financial Services in India** 3.1 Mutual Fund 3.2 Factoring and Forfeiting 3.3 Credit Rating 3.4 Venture Capital	9
4..	**Banking and Insurance Sector in India :** 4.1 Introduction 4.2 Structure of Banking and Insurance Sector in India 4.3 Role of RBI and IRDA as a regulatory authority	5
5.	**Recent Trends in Accounting and Finance** 5.1 Zero Base Budgeting 5.2 Inflation Accounting 5.3 Human Resource Accounting 5.4 Activity Based Costing 5.5 Mergers and Acquisition	11
	Total Lectures	48

UNIT 1

Indian Financial System: An Overview

Introduction:

The economic scene in the post independence period has seen a sea change; the end result being that the economy has made enormous progress in diverse fields. There has been a quantitative expansion as well as diversification of economic activities. The experiences of the 1980s have led to the conclusion that to obtain all the benefits of greater reliance on voluntary, market-based decision-making, India needs efficient financial systems. The financial system is possibly the most important institutional and functional vehicle for economic transformation. Finance is a bridge between the present and the future and whether it be the mobilisation of savings or their efficient, effective and equitable allocation for investment, it is the success with which the financial system performs its functions that sets the pace for the achievement of broader national objectives.

1.1 Financial System:

The economic development of a nation is reflected by the progress of the various economic units, broadly classified into corporate sector, government and household sector. While performing their activities these units will be placed in a surplus /deficit / balanced budgetary situations. There are areas or people with surplus funds and there are those with a deficit. A financial system or financial sector functions as an intermediary and facilitates the flow of funds from the areas of surplus to the areas of deficit.

1.1.1 Meaning and Definitions:

A) Meaning:

The financial system is possibly the most important institutional and functio vehicle for economic transformation. Finance is a bridge between the present a the future and whether the mobilization of savings or their efficient, effective a equitable allocation for investment, it the access with which the financial syste performs its functions that sets the pace for the achievement of broader natior objectives.

B) Definitions:

1) **Christy:**

"Financial system means to supply funds to various sectors and activities of tl economy in ways that promote the fullest possible utilization of resourc without the destabilizing consequence of price level changes or unnecessa interference with individual desires."

2) **Robinson:**

"Financial system means to provide a link between savings and investment f the creation of new wealth and to permit portfolio adjustment in the compositio of the existing wealth."

1.1.2 Functions of Financial System:

The financial system of a country performs certain valuable functions for the economi growth of that country. The main functions of a financial system may be briefl discussed as below:

1) **Saving Function:**

An important function of a financial system is to mobilize savings and channeliz them into productive activities. It is through financial system the savings ar transformed into investments.

2) **Liquidity Function:**

The most important function of a financial system is to provide money and monetar assets for the production of goods and services. Monetary assets are those assets which can be converted into cash or money easily without loss of value. All activities in a financial system are related to liquidity-either provision of liquidity or trading in liquidity.

3) **Payment Function:**

The financial system offers a very convenient mode of payment for goods and services. The cheque system and credit card system are the easiest methods of payment in the economy. The cost and time of transactions are considerably reduced.

4) Risk Function:

The financial markets provide protection against life, health and income risks. These guarantees are accomplished through the sale of life, health insurance and property insurance policies.

5) Information Function:

A financial system makes available price-related information. This is a valuable help to those who need to take economic and financial decisions. Financial markets disseminate information for enabling participants to develop an informed opinion about investment, disinvestment, reinvestment or holding a particular asset.

6) Transfer Function:

A financial system provides a mechanism for the transfer of the resources across geographic boundaries.

7) Reformatory Functions:

A financial system undertaking the functions of developing, introducing innovative financial assets/instruments services and practices and restructuring the existing assts, services etc, to cater the emerging needs of borrowers and investors (financial engineering and re engineering).

8) Other Functions:

It assists in the selection of projects to be financed and also reviews performance of such projects periodically. It also promotes the process of capital formation by bringing together the supply of savings and the demand for investible funds.

1.1.3 Role and Importance of Financial System in Economic Development:

A financial system contributes to the acceleration of economic development. It contributes to growth through technical progress.

1) It links the savers and investors. It helps in mobilizing and allocating the savings efficiently and effectively. It plays a crucial role in economic development through saving-investment process. This savings – investment process is called capital formation.
2) It helps to monitor corporate performance.
3) It provides a mechanism for managing uncertainty and controlling risk.
4) It provides a mechanism for the transfer of resources across geographical boundaries.
5) It offers portfolio adjustment facilities (provided by financial markets and financial intermediaries).
6) It helps in lowering the transaction costs and increase returns. This will motivate people to save more.
7) It promotes the process of capital formation.
8) It helps in promoting the process of financial deepening and broadening.