

**Institute of Economics & Finance
Bundelkhand University, Jhansi**

MASTER OF BUSINESS ECONOMICS

- A. MASTER OF BUSINESS ECONOMICS (MBE)
B. **Duration:** Two years full time (each year having two semesters)
C. **Medium of Instruction and Examinations:** English
D. **Eligibility for Admission**

i. Minimum eligibility with relaxation

A candidate shall be eligible for admission to MASTER OF BUSINESS ECONOMICS/ECONOMICS & FINANCE (MBE/EF) course if he/she has obtained bachelor's degree; B.A., B.Sc., B.Com./ B.Com. (Hons.) B.Tech or its equivalent degree recognized from any recognized University with a minimum forty five (45%) marks.

Note:

- a) 5% relaxation to SC/ ST in minimum eligibility marks.
- b) Reservation will apply as per rules
- c) Head may consider relaxation of minimum eligibility percentage in special cases if seat are available.

ii. Procedure of admission

The candidate shall qualify the admission test /Interview/group discussion conducted by UPMCAT/ MAT/ Bundelkhand University or any other norms prescribed by Bundelkhand University in this regard from time to time. Some seats are reserved for Industry Sponsored/NRI/NRI Sponsored/Foreign Candidates etc. However, they must meet the eligibility criterion as in (a) above. They will be admitted on the basis of interview, held by a selection committee constituted by the competent authority of Bundelkhand University consisting of Head & two teachers of the department.

iii. Preparation and declaration of merit list

Merit list will be prepared centrally by the University Admission committee/department. Head of the will also prepare a list of candidates for direct admission and admission shall be given on merit basis if seats are vacant.

iv. Fees

- i. **Tuition fees with full details of subheads:** As Prescribed by University authority
- ii. **Rules for refund** of fees: As per university norms

v. Course structure

I. The course work shall be divided into two parts as given below:

Part I

Semester I	July to December
Semester II	January to May

SUMMER TRAINING Between June & July (6 to 8 weeks)

Part II

Semester III	July to December
Semester IV	January to May

II. During an academic year a candidate shall be enrolled only for one course of study and shall not appear at any other examination of this or another University.

III. The semester wise course outline, total marks **allocated each** paper, internal assessment And marks in semester examinations are **listed below**. The course content is given in the syllabus.



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Course Structure

The curriculum shall comprise of Core courses and elective courses. In The 3rd & 4th semester elective courses shall be specialization subject.

I Specialization Subject Elective: *A Specialization centric course shall be called a subject elective. Specialization subject Elective courses in Semester III and IV are focused on specializations.*

II The list of Core courses and elective courses shall be approved by the Department Committee and announced by the department before the commencement of academic session every year. An elective course would be offered only if a certain minimum number of students opt for it.

III MBE programme shall be a combination of

l) Full Credit courses: 3 Credits

m) Summer Internship Project (SIP) in the III semester shall have 3 Credits. +1 credit for viva voce.

n) Comprehensive Research Project/Business Plan shall have 6 credits

o) Comprehensive Viva in the IV semester shall have 2 credits.

IV Break-up and spread of all credits and marks (**total 90 credits**) across all the courses in four semesters shall be as follows:

I Semester	Credits	Total Credits	II Semester	Credits	Total Credits	Total yearly credit
Generic Core (GC) Courses 06	3 Credits each (100 marks each)	18	Generic Core (GC) courses 06	3 credits each (100 marks each)	18	36
III Semester			IV Semester			
Generic Core (GC) Course 04	3 credit (100 marks)		Generic Core (GC) Course 04	3 credit (100 marks)		
Specialisation Subject option Courses(SE) 01	3 credits each (100 marks each)		Specialisation Subject option Courses (SE) 01	3 credits each (100 marks each)	06	
SIP	3 Credits (100 marks)	03	Research Project/Busi. Plan	3 Credits (100 marks)	03	06
Viva voce	1 credit	01	Viva Voce	1 credits	01	02
Grand Total of credit						

VI One credit shall be visualized as a combination of three components – lecture (L) + Tutorials (T) + Practice (Practical/Project work/Lab work) (P). A course can have either one or all of these components for fulfilling the credit requirements. Fifteen hours of lectures shall make one credit. If a course is of 3 credits, then the different credit distribution patterns in L: T: P format shall be 3:0:0 or 1:2:2 or 2:0:2 or 2:2:0

VII At the end of the second semester each student shall undertake a Summer Internship Project (SIP) for a minimum period of 8 weeks. Ideally an SIP should exhibit a cross functional orientation. SIP can be undertaken in a corporate entity, NGO, SME, Government Undertaking, a Cooperative sector or a Business firm in India or abroad. A student shall submit a written structured report on the basis of work done during SIP within four weeks of the commencement of the subsequent semester.

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VIII The topic/title of the Research Project/Business Plan to be submitted by the students in the fourth semester shall be decided in consultation with the proposed supervisor in the beginning of the third semester. This Research Project/Business Plan shall be submitted not later than 12 weeks after the commencement of the fourth semester.

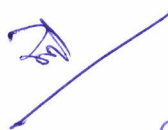
vii. Examination and Evaluation

- 1** There shall be continuous evaluation of the students as per the scheme of examination and internal assessment of students mentioned herein. There shall be two mid-term examinations for which question papers shall be set by the teacher concerned and moderated by the moderation board of the Department. Each mid-term examination shall constitute 20% weightage of evaluation in all the courses which may comprise written as well as lab based/practical/project component. Result of midterm examinations shall be declared only after comprehensive review of evaluated answer sheets etc. by an 'internal examination review committee' nominated by the Board of Studies which shall have core faculty members in addition to one or two external members. Duration of each such written examination shall be one and half hours. The format of question papers for these examinations shall be decided by the department committee.
- 2** End semester examination in each semester shall be based on subjective Type Questions and shall constitute 70 % weightage of evaluation in all the courses. Questions for this examination shall be set by a panel of external examiners approved by the Board of Studies of the Department and duly moderated by the moderation committee of the Department. Duration of each such examination shall be two hours. The scheme of examination shall ensure that no student has to appear for not more than two examinations on any single day.
- 3** The remaining 10% weightage of evaluation in all the courses shall be based on factors such as participation in seminars, case discussions and group activities, class tests, quizzes, individual and group presentations, written assignments, term papers and viva-voce, class participation, co-curricular and extracurricular activities and attendance. The breakup of this 10% weightage of evaluation shall be decided by the Department Committee before the start of the session.
- 4** It shall be the duty of the Teacher teaching a particular course, to conduct internal assessment. In case more than one teacher in sharing the teaching work in a paper, each teacher shall evaluate independently and an average would be taken.
- 5** The evaluation of Summer Internship Project in the third semester and Research Project/Business Plan in the fourth semester shall be on the basis of presentation by the students and/or Viva-Voce examination. Each panel for the evaluation of such projects shall have one or two internal (the Head of the Department or his/her nominees) and an external examiner as appointed by the Board of Studies of the Department.

vii. Calculation of Grade Points

- 1** A letter grade (as explained below) shall be given for every course. The grade point for the course will be based on the weighted average of the grades obtained (on a scale of 5) and their respective weight-ages. The grades would be allotted after statistical normalisation of the awards in each course.

At the end of each semester, the performance of students shall be evaluated in terms of marks which shall be converted into letter grades as per the following equivalent grade points:



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The equivalence between grade and marks shall be as follows:-
(GPA is Grade Point Average)

Grade	Marks	Grade Points	GPA Range
A+	90 or above	4.5	≥ 4.26
A	80 to less than 90	4.0	3.76 – 4.25
B+	70 to less than 80	3.5	3.26-3.75
B	60 to less than 70	3.0	2.76-3.25
C+	50 to less than 60	2.5	2.26-2.75
C	40 to less than 50	2.0	1.76-2.25
D+	30 to less than 40	1.5	1.26-1.75
D	20 to less than 30	1.0	0.76-1.25
F	Less than 20	0.0	≤ 0.75
I	Incomplete	Incomplete	

Meaning of the grades:

A+: Outstanding

A: Excellent

B+: Very Good

B: Good

C+: Average

C: Fair

D+: Unsatisfactory

D: Poor

F: Very poor

I: Incomplete

+ (plus) symbol indicates the variation above the letter description.

2 Calculation of semester grade point average (SGPA) for the semester.

The UGC recommends the following procedure to compute the Semester Grade Point Average (SGPA) and Cumulative Grade Point Average (CGPA):

- vii. **The SGPA** is the ratio of sum of the product of the number of credits with the grade points scored by a student in all the courses taken by a student and the sum of the number of credits of all the courses undergone by a student, i.e.

$$SGPA (S_i) = \sum (C_i \times G_i) / \sum C_i$$

Where C_i is the number of credits of the i th course and G_i is the grade point scored by the student in the i th course.

- viii. **The CGPA** is also calculated in the same manner taking into account all the courses undergone by a student over all the semesters of a programme, i.e.

$$CGPA = \sum (C_i \times S_i) / \sum C_i$$

Where S_i is the SGPA of the i th semester and C_i is the total number of credits in that semester.

The SGPA and CGPA shall be rounded off to 2 decimal points and reported in the transcript.

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viii.

Rules for Academic Progression

- 1 The maximum span period for completing the MBE programme shall be four academic years from the year of initial admission in the MBE Programme.
- 2 Students securing C⁺ or above in any course shall be declared to have passed that course.
- 3 Students who fail to secure minimum C⁺ grade in any course shall be required to earn the requisite stipulated credits within the stipulated time span.
- 4 Students ineligible to appear in examination in a particular course due to shortage of attendance shall be required to repeat the course and complete all the requirements afresh.
- 5 A student shall be required to earn a minimum of 21 credits in the MBE I Year (Semester I & II combined) for progression to MBE II Year.

ix.

Attendance Requirement

Permission to appear in end semester examination in any course shall be granted to only such students who fulfill the minimum attendance requirement of 75% in that course. However, the Head of the Department may grant a relaxation in required percentage of attendance by not more than 15 % on the basis of some genuine reason.



Papers in MBE
2015-16 Onwards
Semester-1

sr. no.	course name	credit	marks
1	Managerial economics	3	100
2	Business Environment	3	100
3	Business Finance	3	100
4	Organizational Behavior	3	100
5	Problems and Policies of Indian economy	3	100
6	Computers and MIS	3	100

Semester-2

sr. no.	course name	credit	marks
1	Macroeconomic Analyses and Policy	3	100
2	Analyses of Demand and Market Behavior	3	100
3	Operations Research	3	100
4	Industrial Economics	3	100
5	Business Statistics and Econometrics	3	100
6	International Trade And Business	3	100

Semester-3

sr. no.	course name	credit	marks
1	Global Finance	3	100
2	Service Sector Economics	3	100
3	Forecasting and Business Planning	3	100
4	Financial Market, Institution And Services	3	100
5	Specialization subject elective- chooses any two from the following group. A. Investment Theory and Portfolio Management B. Corporate Tax Planning And Management C. Financial derivatives D. Management of financial services	3 credit for each paper	100 marks for each paper
6	project (viva)	4	100

Semester-4

Sr. No.	Course Name	Credit	Marks
1	Business Policy and Strategy	3	100
2	Personnel Management	3	100
3	Economics of Environment and Natural Resource Planning	3	100
4	Management Information System	3	100
5	Specialization subject elective- chooses any two from the following group. E. Marketing strategy And Research F. Financial Derivatives G. Multinational Financial Management H. Derivatives And Risk Management I. Financial decision Analysis J. Financial Institutions and Markets	3 credit for each paper	100 marks for each paper
6	Project Study And Comprehensive Viva Voce	8	100



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SEMESTER-1

BE 101

Managerial economics

1. Consumer Behavior: Law of demand, The demand function, Elasticity: Price, cost, income, advertising elasticities etc., Basic ideas of demand estimation and forecasting; Indifference curves analysis, Substitutes and Complements, Normal and inferior goods; Consumer's surplus, Consumption function and inter temporal choice.

Production analysis: Production functions, Economic and technical efficiency, Isoquant curves and choice of optimal combination of factors of production, Economies of scale and law of variable proportions cost curves and their estimation Long-run and short-run cost analysis, integration and growth of firms- concept of capacity utilization.

Price and output decisions under different forms of market structure - Perfect competition, Monopoly, Monopolistic Competition, Discriminating monopoly, Collusive (Cournot's duopoly Model, Chamberlain's oligopoly model, Kinked demand model, Stackelberg's duopoly model) and Non-collusive oligopoly (cartels and joint profit maximization, Market-sharing cartels), Bilateral monopoly, degree of monopoly and concentration.

Price Discrimination, Mark-up pricing. Dual pricing. Marginal cost pricing, Government regulated monopoly

Economic and financial decision-making: Time-value of money. Cash flows and measurement of investment worth, Investment analysis, steps in capital budgeting. Private and social cost-benefit analysis

BE 102 Business Environments

1. Business environment: Emerging domestic and global scenario, Company Law, Stock market and its regulation, Money and Capital markets, Industrial finance.
2. Income tax Act: Laws relating to personal income taxation.
3. Monopolies and restrictive trade practices Act, Sick industrial companies (Special provisions) Act 1985, Consumer protection Act Protection of Patents and trademark
4. Labour Legislation: Factories Act, 1948, Industrial disputes Act, 1947, Workman's Compensation Act 1923, Payment of wages Act 1936, Payment of Bonus Act 1965 Exit policy.
5. Regulation and promotion of foreign trade, Foreign Capital and Technology.

BE 103

Business Finance

1. Corporate finance: Its scope, and objectives,
2. Conceptual background: Financial ratio analysis, Funds flow analysis, Financial forecasting and analysis of operating and financial leverages.
3. Techniques of capital Budgeting: analysis of risk and uncertainty and concept and measurement of cost of capital.


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4. Capital structure decisions: Determination of capital structure; Balancing of risk, control, income and flexibility; Working capital decisions, Determinants of dividend policy.
5. Raising money through capital markets: Sources of finance in India, Working capital Assessment of working capital requirements and lending norms, Cash credit systems, Corporate deposits, Bills of finance; Project finance, Capital markets, Development banks, Internal financing.
- 6.

BE 104 Organizational Behavior

1. Introduction to organizational behavior: Structures and designs; Individual behavior at work-perception; learning and reinforcement, motivation and performance, personality, personal values and ethics, cultural and social differences.
2. Group and inter- group relations, Group dynamics.
3. Organizational processes- Leadership, Communication, Power and politics in organizations; Conflict management.
4. Organizational change and development, Organizational development and Human resource planning appraisal.
5. Training and development in Indian enterprises and MNCs.

BE 105 Problems and Policies of Indian economy

1. Structural trends in the Indian economy, development and bottlenecks, Agrarian relations Issues in agricultural and rural development.
2. Education, poverty and inequality of income distribution, Problem of unemployment Manufacturing Industries, Industrial policy, Services sector.
3. Fiscal, monetary and pricing policies.
4. Balance of payments, foreign exchange and external debt, Direct foreign Investment,
5. Public enterprises in India: Organization, financial planning, pricing and profitability Industrial relations, Disinvestment.

BE 106 Computers and MIS

1. Computer fundamentals: Basic hardware concepts, Software operating systems. Data communications, LAN, WAN; Internet and business applications.
2. Computer applications in a modern office: Documentation. Publishing, Handling databases, Handling communications (e-mail, Internet, Intranet etc.).
3. Management information systems: Introduction and history of MIS, MIS vis-a-vis computer systems and organizational systems, Programmed and non-programmed decisions, Office automation systems, Transition processing systems, Decision support system, Knowledge based system.
4. Building MIS: Systems analysis, techniques of system analysis, Database designs, and System information.
5. Geographic information system: Introduction to GIS, Business applications of GIS and corporate planning, sales and marketing. Case studies of business GIS applications.

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SEMESTER -2

BE 201 Macroeconomic Analyses and Policy

1. Basic macroeconomic model: Income determination, Consumption and Income behavior; Multiplier, Money demand and supply, Interest rate, Liquidity preference.
2. IS-LM analysis, Role and effects of monetary and fiscal policy changes, Deficit financing, Inflation and interrelationship.
3. Aggregate demand production function, Labour market aggregate supply, Wage rigidity and involuntary unemployment, Income policy, rational expectations and demand policy
4. Balance of payments, Exchange rates, Capital flows, and the role of fiscal and monetary policies, Mundell- Fleming model.
5. Theories of growth of national income, Structural aspects of growth, Investment an technical progress.

BE 202 Analyses of Demand and Market Behavior

1. Estimation of demand function: Types of demand functions, elasticities of demand and Demand forecasting.
2. Identifying and evaluating marketing opportunities, external environment. Market- mix, Market segment.
3. Cost and profitability analysis, Pricing arid output budgeting.
4. Understanding consumer behavior, determinants of behavior, Consumer decision making process.
5. Functional problems: Advertising and promotion, Channel policy, Credit management, Customer services, Product policy, Personal and non-personal selling

BE 203 Operations Research

1. Definition, Scope and Limitations, Linear programming, Assignment problems, Transportation and Transshipment problems.
2. Non-linear, Integer, Dynamic and Global programming.
3. Inventory models replacement, Queuing theory, PERT, CPM and network analysis
4. Theory of Games, Markov analysis.
5. Simulations: Use of Monte-Carlo analysis method.

BE 204 Industrial Economics

1. Industrial structure and market structure, Industrial concentration, Structure-conduct performance paradigms.
Expansion of firms through merger, acquisition and diversification, Role and composition of foreign capital, MNC's and transfer pricing.
2. Role of government in the process of industrialization and collaborative business ventures etc.
Research and development, Diffusion of technology, Product and process patent
3. Economic aspects of industrial efficiency, Measurement of capital utilization, Partial and total factor productivity.
Infrastructure and interdependence of industries, Industrial locations, Regional development and the concept of core competence of different regions of India

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4. Industrial growth and policies after independence, Small scale industries: Scope, viability and problems.
5. Industrial growth patterns of the US, Japan, Germany and NICs.

BE205

Business Statistics and Econometrics

1. Basic Probability theory: Chebyshev's inequality and law of large numbers;
2. Binomial distribution, Poisson, Normal, Log-normal, Pareto distribution and their properties, Central limit theorem.
3. Elements of statistical inference, Concept of sampling. Distribution of statistic; Tests of significance including Chi-square, t and F tests; analysis of variance- one way and two-way classification,
4. Theory of point estimation, Interval estimation.
5. Bivariate normal distribution, Estimation of regression parameters and error- variance, by least squares, BLUE and maximum likelihood methods, Multiple linear regression analysis, Test of significance of a regression coefficient, Problems of Multicollinearity, autocorrelation, tests of independence and disturbances.

BE 206

International Trade And Business

1. Determinants of trade : Classical, neo- classical and modern trade theories, free trade, terms of trade, factor reversals and factor prices, Leontief paradox .
2. Trade policies: types, impact and economic development.
3. International trading systems: from GATT to WTO, the Kennedy round and 4: Tokyo round, potential in industrialized countries and macro economic structural judgment .National, state and bilateral agreements, commodities agreements, voluntary exports restraints and countertrade and stalemates in multilateral trade negotiations, implication for less developed countries . Trade in services .
4. Terms of trade and distribution of gain from trade, the prebisch -singer theory and North -south trade, the EC experience and bargaining power of the LDCs, stabilization of commodity prices, trade preferences for manufactured exports LDCs.
5. Trading Blocks : EU, NAFTA, East Asia, and special trading arrangements for trade blocks in the Developing countries

SEMESTER-3

BE 301

Global Finance

1. Financing international trade, global cash management, internal sources of funds and risk management. Foreign exchange and foreign exchange risk, measuring foreign exchange risk, measuring foreign exchange exposure, Managing foreign exchange exposure:
2. Long-run investment decisions: Foreign investment decisions, Political risk- management, Multinational capital budgeting, Financial aspects of investment decisions, Financial management of banks. Financial decisions: International financial markets, Cost of capital and financial structure, International banking, International transfer pricing.

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3. International monetary system: Overview, International financial competitiveness, Euro-currency market, financial deregulation, world stock markets, Offshore financial centres.
4. Balance of payments, International financial institutions.
International flow of funds, Hedging operations. Arbitrage and covered interest arbitrage, Forward trading in international finance.
5. Multinational accounting and test functions: Factors influencing development of accounting, transactions in foreign currency, financial statements, Taxation of foreign source income and double tax treaties.

BE 302

Service Sector Economics

1. Structure, pattern and rate of growth of the service sector, Role of the services sector in the economy. Health, Insurance, Travel & tourism sectors.
2. Economics of human resources: Education and economic growth, measuring contribution of education to economic growth, Issues in primary, secondary and higher education.
4. Development of health services in India, Issues in privatisation of health services.
5. Functions of Insurance sector: Significance and limitations, Globalization and future of Insurance in India- viability and options, Insurance policy.
6. Tourism: Development of resorts, Environmental feasibility, Hotel design and criteria, Pricing and training, Air tourism, Travel marketing and **management**

BE 303

Forecasting and Business Planning

1. Estimation of Demand function and demand forecasting, Production function and cost function, Distribution of income and measurement of inequality.
2. Short -term, Medium-term and Long-teem forecasting problems, End-use method. Input-output methods, Leading indicators. Forecast obtained from single equation regression models and its standard error.
3. Forecast obtained from simultaneous equation models and its standard error, model simulation and policy implications.
4. Time series analysis: Linear, non-linear and logistic curves, Auto- regressive 'and moving average models. Exponential something, Box-Jenkins model.
5. Principal components analysis and its application to location of industries, Factor analysis and its applications.

BE 304

Financial Market, Institution And Services

1. Role of financial markets in the economy, functions of financial markets, classification of financial markets. The sole of government in financial markets:
2. Money market in India, definition and role of money market instruments Pates in the money market, Interrelationship between short-term interest rate and long-term interest rate, Fluctuations in money markets.
3. Role of discount houses and finance in India, Commercial banks and the RBI in the money market.



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4. Capital markets in India: Primary and secondary markets in government security, Yield curves, Mechanisms of stock exchange operations. Functions and powers of SEBI, Over the counter exchange of India, Role of stock holding corporation, of Indi Securities trading corporation of India
5. Financial institutions: development banks, Unit trust of India, Mutual funds, Life insurance corporation, Verdure capital institutions, EXIM Bank, Role of services rendered by merchant basks, Factoring companies, Credit-rating agencies.

BE 305

Investment Theory and Portfolio Management

1. Application of profitability in investment decisions, Uncertainty and capital budgeting, Expected marginal approach, Utility approach.
2. Portfolio selection and uncertainty, Capital Asset pricing models, Measurement of risk.
3. Application of programming techniques in capital budgeting, Application of Game theory.
4. Cost of capital and uncertainty,
5. International portfolio investment and foreign exchange risks.

SEMESTER -4

BE 401

Business Policy and Strategy

1. **Socio-economic** set-up of business in India: Internal and external perceptions.
2. Strategic management decisions: Nature, characteristics and process of strategic management decisions, Strategy formulation, Defining company missions and goals, K Assessing external environment. Industry **analysis**, Internal analysis of **the** firm.
3. Policy alternative and grand strategies: Concentration market **development**, product development, innovation, joint ventures, diversification, retrenchment, divestiture and, liquidation.

BE 402

Personnel Management

1. Organisational goals and human needs. Problems of supervision and motivation at work. Models of human resource development, Personnel policies and organization of the personnel division.
2. Human resource planning: long-term and short-term perspective, Forecasting manpower demand and supply, Work-study and. manpower standards.
3. Job decision and strategy: Recruitment and selection, employment tests and interviews; Training and development of managerial, technical and operating personnel and office-staff Problem of shelf-sitters, Behavioral aspect of training, Employee protection and representation.
4. Performance appraisal techniques, Succession planning; Career transition, management and career development: Wages and incentives, earning progression analysis, Group incentives, Workers share in capital, management and profit.
5. HRM in public and private sectors in India and trans-national companies.



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BE 403

Economics of Environment and Natural Resource Planning

1. Emerging paradigms of sustainable economic development and environment degradation/ depletion: Meaning, measurement and limitations; Theory of externalities. Environment as a public good, Market failure.
2. Developing the framework of fiscal instruments to correct the externalities (Taxation, Deposit refund Scheme, Compliance Fees Etc.), Market based instruments for Industrial pollution Control; Economic valuation techniques, Market-based and hedonic price methods.
3. Environmental Audition, Environmental impact analysis (EIA), GIS, Green Accounting.
4. Business firm and environment strategy, Decision-making process, environmental aspect in relation to functional areas of management, role of employers, managers and workers in environment management.
5. Environment laws and enterprise., international trade, Environment and WTO

Group – B: MARKETING AND DISTRIBUTION

BE- 404

Marketing strategy And Research

2. Strategic market planning, developing a marketing mix.
3. Market gridding
4. Product strategy, Pricing strategy
5. Advertising, loco motional strategies, Channel strategy
6. Information system, research process, consumer, product and advertising research

BE- 405

Financial Derivatives

Objective

This courses Introduces students to the application of various tools and techniques of financial risk management.

Course Inputs

1. **Introduction:** Meaning and purpose of derivatives; Forward contracts, future contracts, options, swaps and other derivatives; Type of traders; Trading future contracts; Specification of the future contracts; Operation of margins; Settlement and regulations.
2. **Sources of Financial Risk:** Credit vs market, default risk, foreign exchange risk, interest rate risk, purchasing power risk etc.; Systematic and non-systematic risk.
3. **Options :** Types of Options; Option trading; Margins; Valuation of options; Binomial Option Pricing Model; Black-Scholes model for Call Options; Valuation of put options; Index options; Option markets, exchange traded options, over-the-counter options, quotes, trading, margins, clearing: regulation and taxation: Warrants and convertibles.
4. **Futures:** Hedgers and speculators; Future contracts; Future markets- clearing house, margins, trading, future positions and taxation; Future prices and spot prices: Forward prices vs future prices; Futures vs options.
5. **SWAPS:** Mechanics of Interest rate swaps, valuation of interest rate swaps; **Currency** swaps and its valuation; Credit risk and swaps.
6. **Managing Market Risk:** Hedging schemes- delta hedging, theta, gamma; Relationship in delta, theta and gamma; Vega and rho; Portfolio Insurance.
7. **Derivatives Market In India:** Present position in India regulation, working and trading activity.

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