

Programme : Master of Commerce [M.Com]  
 Course Code : COM-501  
 Course Title : Capital Markets and Stock Exchange Operations  
 Number of Credits : 4  
 Effective from AY : 2022 – 2023

**Pre-requisites for the Course:**

NIL

**Objectives of the Course:**

The objective of the course is to enable students to develop a comprehensive knowledge of the Indian stock markets and their operations.

**Course Content**

Unit 1	Introduction to Capital Markets	16 Hours
An overview of Indian Securities Market, <b>Primary Market</b> - Meaning – Book Building Process– Functions, Intermediaries, Role of Primary Market – Methods of floatation of Capital – problems of New Issues Market –IPO's –Investor protection in the primary market – recent trends in the primary market – SEBI measures for the primary market. <b>Secondary Market:</b> Meaning, Nature, Functions of Secondary Market – Organization and Regulatory Framework for stock exchanges in India – Defects in working of Indian stock exchanges – SEBI measures for the secondary market – <b>Listing of Securities:</b> Meaning – Merits and Demerits – Listing requirements, procedure, fee – Listing of the rights issue, bonus issue, further issue – Listing conditions of BSE and NSE – Delisting		
Unit 2	Trading and Settlement in Indian Stock Exchanges	16 Hours
Indian Stock Exchanges: BSE – Different trading systems – Share groups on BSE – BOLT System – Bulk deals – Block deals – Short Selling – Margin Trading – BSE SME Platform. NSE – Market segments – NEAT system options – Market types, order types, and books – Market phases – Limited physical market, Block trading session - <b>Clearing and Settlement systems in Indian Stock Exchanges</b> - Introduction – Transaction Cycle – Settlement Agencies – Clearing & Settlement Process –Different Types of Settlements – Rolling Settlement – Pay in and pay out –Demat settlement – Physical settlement – Funds settlement – Valuation debit – Valuation price – Shortages –Auctions – Risks in settlement – Penalties.		
Unit 3	Stock Market Indices	16 Hours
Stock Market Index – Meaning – Purpose and Consideration in developing index – Methods(Weighted Aggregate Value method, Weighted Average of Price Relatives method, Free Float method) – BSE Sensex –Scrip selection criteria – Construction – BSE Investment Strategy Indices – BSE Thematic Indices – BSE Sectoral Indices - NSE indices – S&P CNX Nifty – Scrip selection criteria – Construction – International Financial Markets – Euro Market – Asian Market – Important Global, Regional and National Stock Market Indices.		
Unit 4	Risk Management and Surveillance System in Indian Stock Exchanges	12 Hours
Risk Management system in BSE &NSE – Margins – Exposure limits – Surveillance system in BSE &NSE –Circuit breakers – Surveillance activities – Online surveillance – off-line surveillance – Rumour verification –Risk management – Risk containment measures – Settlement guarantee Mechanism – Asset/capital adequacy –margins – Inspection of books and investigation – Penal Charges and online monitoring		

**Pedagogy:**

The teaching pedagogy of this course shall include the combination of the following: Interactive Lectures/Discussions/ presentations/case studies/ individual or group projects/ assignments/Class activities or a combination of some of these. The sessions shall be interactive to enable peer group learning.

**Reference / Readings:**

1. Capital Market (Dealers) Module, Workbook from NSE Financial Markets: A Beginners' Module, Workbook from NSE, 2022.
2. P R Joshi, *Global Capital Markets – shopping for finance*, Tata Mc Graw Hill , Publisbed 1997
3. Prasanna Chandra, **Investment Analysis and Portfolio Management**, McGraw Hill India, 5<sup>th</sup> Edition, 2017.
4. Prasanna Chandra, **Investment Analysis**, Tata McGraw Hill, 6<sup>th</sup> Edition, 2021
5. Punithavathy Pandian *Security Analysis and Portfolio Management*, Vikas Publishing House Pvt. Ltd., 2<sup>nd</sup> Edition, 2012
6. Sanjeev Agarwal, *A Guide to Indian Capital Market*, Bharat Publishers, 1<sup>st</sup> Edition, 2000
7. V. A. Avadhani, *Investment and Securities Market in India*, Himalaya Publishing House, 10<sup>th</sup> Edition, 2017

**Online Resources:**

1. [www.bseindia.com](http://www.bseindia.com)
2. [www.nseindia.com](http://www.nseindia.com)
3. [www.moneycontrol.com](http://www.moneycontrol.com)
4. [www.economictimes.com](http://www.economictimes.com)
5. [www.financialexpress.com](http://www.financialexpress.com)
6. [www.equitymaster.com](http://www.equitymaster.com)
7. [www.myiris.com](http://www.myiris.com)

**Course Outcomes:**

Upon completion of this course, the student shall be able

**CO1:** To understand the theoretical background of the Indian Capital markets.

**CO2:** To learn the trading system in Indian stock exchanges.

**CO3:** To learn the clearing and settlement system in Indian stock exchanges

**CO4:** To discuss the Indian stock market indices and learn to calculate the same.

**CO5:** To explore the risk management and surveillance system in Indian stock exchanges.