

Programme: M. A. Economics

Course Code: ECO 119

Title of the Course: Financial Economics

Number of Credits: 4

Total Contact Hours: 48

Effective from AY: 2018-19

<u>Prerequisites for the course:</u>	Basic Knowledge of Microeconomics and Mathematics	
<u>Objective:</u>	To provide students with an understanding of financial markets and related theories.	Contact Hours
<u>Content:</u>	1. Indian Capital Market Stock Markets- Mutual funds-Venture Capital- Regulatory mechanism: Role of SEBI	10
	2. Valuation of financial assets Time value of money-Money and asset pricing- Risk and return-Shares-Bonds	04
	3. Asset Pricing Theories Portfolio theory-Capital asset pricing model-Arbitrage pricing theory	04
	4. Futures Market Mechanics of futures and forward markets-Determination of forward and futures prices- Hedging-Stock futures, index futures- Interest rate futures	15
	5. Options Market Mechanics of options market-Call option-Put option-Pricing of stock options-Black-Scholes model- Hedging using options	15
<u>Pedagogy:</u>	lectures/ case analysis/assignments/class room interaction study the actual IPO'S,	
<u>References/Readings</u>	<ul style="list-style-type: none">• D.E. Fisher and R.J. Jordan –(2001) Security Analysis and Portfolio Management, Prentice-Hall/Pearson Edu., 6th Edition,• Eates Brian A,(2000), Financial Engineering, Macmillan, London.• Eichberger J and Ian.R. Harper,(1997), Financial Economics, Oxford University Press,Oxford.• Hull(2001), Introduction to Futures and Options Markets, Prentice Hall of India, New Delhi.• Hull(2008) Fundamentals of futures and options markets 7th edition, Prentice Hall• Keith Redhead,(1998) Financial Derivatives, Prentice-Hall of India, New Delhi.• Kohn Meir(1994), Financial Institutions and Markets, Macgraw Hill, New York.• Le Roy Stephen and Jan Werner(2001), Principles of	

	<p>Financial Economics, Cambridge University Press, New York.</p> <ul style="list-style-type: none"> • Levinson Marc (1999), Guide to Financial Markets, Profile Books, London. • Martin Antony and Norman Biggs(2000), Mathematics for Economics and Finance, Oxford University Press, Oxford. • Pilbeam Keith(1998), Finance and Financial Markets, Palgrave , New Delhi. • Reilly Frank K and Keith C. Brown,(2007) Investment Analysis and Portfolio Management, 8th edition, Thomson Learning, • Vijay Baskar P and B.Mahapatra,(2002), Derivatives Simplified , Sage Publishers, New Delhi. 	
<u>Learning Outcomes</u>	The students will be able to understand and analyse issues related to finance.	