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**Name of the Programme: M. A. Economics**

**Course Code: ECO-623**

**Title of the Course: Introduction to Finance**

**Number of Credits: 4**

**Effective from AY: 2022-23**

<b><u>Prerequisites for the course:</u></b>	Graduate in any discipline.	
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<b><u>Objective:</u></b>	To familiarise the students on the structure, components and mechanism of financial markets.	<b>Hours Per Module</b>
<b><u>Content</u></b>	<p><b>Module 1</b> Significance of Banking, Insurance and Financial Institutions, Structure of the Financial system, Financial Markets and Instruments, Financial Intermediaries, Financial market securities: Equity shares, Bonds and Mutual Funds, Regulating and promotional institutions in Indian Financial system : IRDA, RBI and SEBI</p> <p><b>Module 2</b> Introduction to Financial Statements, Structure of Financial Statements: Balance Sheet, Income Statement, Statement of Cash Flow. Financial Ratios: Liquidity ratios, Leverage ratios, Turnover ratios, Profitability ratios, Capital Gearing ratios, Limitations. Capital Budgeting Decision of firms, Introduction to risk and risk factors, Measuring investment risks, Diversification, Systematic and idiosyncratic risk.</p> <p><b>Module 3</b> Discount rates and the Time Value of Money: Present value and Net Present Value, Compound interest, annuity and perpetuity formulas, Real and Nominal cash flows, Bond Valuation and Yield Curve. Asset Pricing Theories and Portfolio Analysis: Mean Variance Portfolio theory, Portfolio Optimization, Single Index Model, Capital Asset Pricing Model, Arbitrage Pricing Theory.</p> <p><b>Module 4</b> The Derivatives and commodities markets: Forwards and Futures, Spot and Forward prices, Arbitrage, Hedging, Introduction to the Swaps market, Options: Call and Put Options, Pricing of stock options. Role of digital currencies and cryptocurrencies</p>	<p>15</p> <p>15</p> <p>15</p> <p>15</p>
<b><u>Pedagogy:</u></b>	<ul style="list-style-type: none"> <li>● Chalk and talk aided by ICT enabled lectures</li> <li>● PC lab exercises</li> <li>● Assignments and presentations</li> <li>● Group activity</li> <li>● MOOC (or similar) Component</li> </ul>	

<p><b><u>References/ Readings</u></b></p>	<p><b>Core reading:</b> C1. David Luenberger (2013), Investment Science, Oxford University Press.</p> <p><b>Additional References:</b> A1. R.E. Bailey (2005), The Economics of Financial Markets, Cambridge University Press.</p> <p>A2. Sharpe, W.F., Alexander, G.J. and Bailey, J.F. (2002) Investments, Prentice Hall India Pvt. Ltd.</p> <p>A3. John C. Hull (2022), Fundamentals of Futures and Options Markets, Global Edition, Pearson</p> <p>A4. Shapiro, A.C. and P. Hanouna (2019), Multinational Financial Management, John Wiley and Sons, Inc.</p>	
<p><b><u>Learning Outcomes</u></b></p>	<p>After completing the course, the students will be able to analyse financial information as a tool for financial decision-making.</p>	