



## **COURSE MANUAL**

**Name of the Elective Course:**

**Financial Markets, Institutions & Regulations**

**Course Code:**

**L-EA-0208**

**Name of the Faculty Member**

**Abhisek Sur**

**Spring 2025  
(AY2024-25)**

This document is prepared by the course instructor and contains basic information relevant to the execution of the course. It is the official record for all intents and purposes as far the elective course, Financial Markets, Institutions & Regulations, is concerned.

This course manual can be used as a general guide to the subject. However, the instructor can modify, extend or supplement the course (without tampering its basic framework and objectives) for the effective and efficient delivery of the course. The instructor will provide students with reasons for such changes.

## **Part I**

Course Title: **Financial Markets, Institutions & Regulations**

Course Code: **L-EA-0208**

Course Duration: **One Semester (15 Weeks)**

No. of Credit Units: **4 Credits**

Level: **UG or PG or Both**

Medium of Instruction: **English**

Pre-requisites: NONE

Equivalent Courses: NONE

## Part II

### 1. Course Description

The objective of this course is to act as an introductory course and lay the basic foundations of the financial market ecosystem. Students will explore the role of financial markets, various financial instruments, major players, and the functions of the key regulators.

This course will have three major focus areas namely, *financial markets*, the *financial institutions*, and the *regulators* governing them. While discussing various concepts, the course will adopt a holistic approach and avoid technical and sophisticated models but focus more on conceptual clarity and on understanding the broad principles that govern the functioning of an efficient financial system.

Though the course is designed to emphasize primarily the Indian financial markets, the discussions will also involve international context, to help students gain a comparative perspective. Further, certain important and contextual issues, like the “*Independence of the Central Banks*” and *the inefficiencies and in certain cases failures of a few important overseas institutions* will also be examined as the course delves into the causes and implications of various financial crises that have perturbed the world economic order.

### 2. Course Aims

- To provide students with a grounding in the basic principles of the financial sector.
- To familiarize students with the analytical tools and develop critical thinking in the discipline.
- To make students aware of the recent financial economic issues in the global economy

### 3. Teaching Methodology

Class presentation (PPT) and lecture by the Course instructor.

Discussion and presentation by students

Class debate on important topics

#### 4. Intended Learning Outcomes

| Course Intended Learning Outcomes   | Weightage in % | Teaching and Learning Activities  | Assessment Tasks/ Activities  |
|---|----------------|---|---|
| By the end of the course, students should:  |                |   |   |
| (i) Appreciate, express, and explain the basic framework of working of Financial Markets  | 25 %           | <i>Lecture, class participation, and involvement.</i><br><br>Students will get introduced to the basic principles and develop the basic understanding of the functioning of an efficient financial system. Through class participation, students will get familiar to and understand the subject matter. Discussions and presentations will bring in thorough grounding of the subject matter.                                      | End semester written exam and Quiz/Written test<br><br>Classroom discussion                               |
| (ii) Apply the basic principles to evaluate and analyze the working and failures of various institutions and role of regulators therein.  | 25%            | <i>Lecture, class participation, case study discussions, and involvement in the classroom discussion based on readings and general understanding.</i><br>Students will get introduced to the concept of market imperfections. Through class participation, students will get familiar to and understand the subject matter. Discussions and presentations based on readings will bring in thorough grounding of the subject matter. | End semester written exam and Quiz/Written test<br><br>Classroom discussion<br><br>Case Study discussions |
| (iii) Analytically understand the contemporary global financial issues, situate the discussion in the context of the Emerging Market Economies (EMEs) and critically evaluate the role of institutions and regulations. | 25%            | <i>Lecture, class participation, case study discussions, and involvement in the classroom discussion based on readings and general understanding.</i><br><br><ul style="list-style-type: none"> <li>• Readings and sent in advance.</li> <li>• Case studies on certain important events.</li> <li>• Student research papers</li> </ul> Classroom presentations  | End semester written exam and Quiz/Written test<br><br>Classroom discussion<br><br>Case Study discussions |
| (iv) Gain thorough understanding of the   | 25%            | <i>Lecture, class participation, case study discussions, and</i>  | End Term  |

| Course Intended Learning Outcomes  | Weightage in % | Teaching and Learning Activities   | Assessment Tasks/ Activities                             |
|--|----------------|--|--|
| evolution and the functioning of the Indian Financial System and the role of various regulators therein. |                | <i>involvement in the classroom discussion.</i> <ul style="list-style-type: none"> <li>• Readings and/or Case studies, sent in advance.</li> <li>• Discussions based on readings.</li> </ul> | Research Paper by Students<br><br>Case Study discussions |

## 5. Grading of Student Achievement

To pass this course, students must obtain a minimum of 40% in the cumulative aspects of coursework, i.e., internal assessment (including moot, mid-term exam, internal assignment) and end term examination. **End of semester exam will carry 50 or 30 marks, as the case may be, out of which students have to obtain a minimum of 30% to fulfil the requirement of passing the course.**

The details of the grades as well as the criteria for awarding such grades are provided below:

| PERCENTAGE OF MARKS | GRADE | GRADE VALUE | GRADE DESCRIPTION  |
|---------------------|-------|-------------|--|
| 80 and above        | O     | 8           | <b>Outstanding</b> – Exceptional knowledge of the subject matter, thorough understanding of issues; ability to synthesize ideas, rules and principles and extraordinary critical and analytical ability                            |
| 75 – 79             | A+    | 7.5         | <b>Excellent</b> - Sound knowledge of the subject matter, thorough understanding of issues; ability to synthesize ideas, rules and principles and critical and analytical ability  |
| 70 – 74             | A     | 7           | <b>Very Good</b> - Sound knowledge of the subject matter, excellent organizational capacity, ability to synthesize ideas, rules and principles, critically analyze existing materials and originality in thinking and presentation |

| PERCENTAGE OF MARKS | GRADE | GRADE VALUE | GRADE DESCRIPTION  |
|---------------------|-------|-------------|--|
| 65 – 69             | A-    | 6           | <b>Good</b> - Good understanding of the subject matter, ability to identify issues and provide balanced solutions to problems and good critical and analytical skills  |
| 60 – 64             | B+    | 5           | <b>Fair</b> – Average understanding of the subject matter, limited ability to identify issues and provide solutions to problems and reasonable critical and analytical skills  |
| 55 – 59             | B     | 4           | <b>Acceptable</b> - Adequate knowledge of the subject matter to go to the next level of study and reasonable critical and analytical skills.   |
| 50 – 54             | B-    | 3           | <b>Marginal</b> - Limited knowledge of the subject matter and irrelevant use of materials and, poor critical and analytical skills   |
| 45 – 49             | P1    | 2           | <b>Pass 1</b> – Pass with basic understanding of the subject matter  |
| 40 – 44             | P2    | 1           | <b>Pass 2</b> – Pass with rudimentary understanding of the subject matter  |
| Below 40            | F     | 0           | <b>Fail</b> - Poor comprehension of the subject matter; poor critical and analytical skills and marginal use of the relevant materials. Will require repeating the course  |
| Absent              | Ab    | 0           | <b>Absent</b> - “Extenuating circumstances” preventing the student from taking the end- semester, or re-sit, examination as the case may be; the Vice Dean (Examinations) at their discretion assign the “Ab” grade. If an "Ab" grade is assigned, the student would appear for the end-semester, or re-sit examination, as the case may be, as and when the subsequent opportunity is provided by the University. |

## 6. Criteria for Student Assessments

Internal assessment of the participants will be based on the following criteria. In case any of the participants miss the IA tests, alternative internal assessments will be conducted (Please specify the alternative assessment)

| Assessment               | Weightage | Remarks  |
|--------------------------|-----------|--|
| Type of Assessment       | 20 Marks  | The first component of internal assessment will be a Quiz/ short-answer type questions, testing the basic concepts.  |
| Type of Assessment       | 40 Marks  | The other component will be a research paper relevant to the course.   |
| Type of Assessment       | 10 Marks  | Participation in class discussions and case studies.   |
| End Semester Examination | 30 marks  | They will be an end-semester examination/component for all participants of the course who have successfully completed the course work. Please specify the nature of exam/component (open book, take-home exam, research work etc.) |

## Part IV

### Course/Class Policies

#### Academic Integrity and Plagiarism

Learning and knowledge production of any kind is a collaborative process. Collaboration demands an ethical responsibility to acknowledge who we have learnt from, what we have learned, and how reading and learning from others have helped us shape our own ideas. Even our own ideas demand an acknowledgement of the sources and processes through which those ideas have emerged. Thus, all ideas must be supported by citations. All ideas borrowed from articles, books, journals, magazines, case laws, statutes, photographs, films, paintings, etc., in print or online, must be credited with the original source. If the source or inspiration of your idea is a friend, a casual chat, something that you overheard, or heard being discussed at a conference or in class, even they must be duly credited. If you paraphrase or directly quote from a web source in the examination, presentation or essays, the source must be acknowledged. The university has a framework to deal with cases of plagiarism. All form of plagiarism will be taken seriously by the University and prescribed sanctions will be imposed on those who commit plagiarism.

## **Disability Support and Accommodation Requirements**

JGU endeavours to make all its courses inclusive and accessible to students with different abilities. In accordance with the Rights of Persons with Disabilities Act (2016), the JGU Disability Support Committee (DSC) has identified conditions that could hinder a student's overall well-being. These include physical and mobility related difficulties, visual and hearing impairment, mental health conditions and intellectual/learning difficulties e.g., dyslexia, dyscalculia. Students with any known disability needing academic and other support are required to register with the Disability Support Committee (DSC) by following the procedure specified at <https://jgu.edu.in/disability-support-committee/>

Students who need support may register before the deadline for registration ends, as communicated by the DSC via email each semester. Those students who wish to continue receiving support from the previous semester, must re-register every semester prior to the deadline for re-registration as communicated by the DSC via email. Last minute registrations and support are discouraged and might not be possible as sufficient time is required to make the arrangements for support.

The DSC maintains strict confidentiality about the identity of the student and the nature of their disability and the same is requested from faculty members and staff as well. The DSC takes a strong stance against in-class and out-of-class references made about a student's disability without their consent and disrespectful comments referring to a student's disability. With due respect for confidentiality, faculty and students are encouraged to have honest conversations about the needs of students with disabilities and to discuss how a course may be better tailored to cater to a student with disability.

All general queries are to be addressed to [disabilitysupportcommittee@jgu.edu.in](mailto:disabilitysupportcommittee@jgu.edu.in)

## **Safe Space Pledge**

This course may discuss a range of issues and events that might result in distress for some students. Discussions in the course might also provoke strong emotional responses. To make sure that all students collectively benefit from the course, and do not feel disturbed due to either the content of the course or the conduct of the discussions. Therefore, it is incumbent upon all within the classroom to pledge to maintain respect towards our peers. This does not mean that you need to feel restrained about what you feel and what you want to say. Conversely, this is about creating a safe space where everyone can speak and learn without inhibitions and fear. This responsibility lies not only with students, but also with the instructor.

P.S. The course instructor, as part of introducing the course manual, will discuss the scope of the Safe Space Pledge with the class.

## Cell Phones, Laptops and Similar Gadgets

*No electronic devices are required for class.*

### **Part V**

### **Keywords Syllabus**

Financial markets, Equities, bonds, money markets, monetary policy, Central Bank, Financial crises

### **Course Design and Overview (Weekly Plan)**

| <b>WEEK</b> | <b>TOPIC</b>   | <b>ESSENTIAL READING</b>  |
|-------------|--|---|
| 1           | - Introduction & Overview of the Course  | - Chapters 1&2 Mishkin  |
| 2           | <ul style="list-style-type: none"><li>• Overview of the Financial System</li></ul> - Fundamentals of the Financial Markets.                                    | - Chapters 1&3 Mishkin; Chap 1 Khan   |
| 3           | <u>Financial Institutions:</u> <ul style="list-style-type: none"><li>• Why do Financial Institutions Exist?</li></ul> - Financial Institutions and regulations | Chapters 2&7 Mishkin<br>Shleifer, A. (2005). <i>Understanding regulation</i> , European Financial Management, 11(4), 439-451. |
| 4&5         | <u>Financial Markets &amp; Regulators:</u> <ul style="list-style-type: none"><li>• Primary Markets</li></ul>   | Chapters 4 to 9 Khan & Chapters 11 & 13 Mishkin   |

| WEEK    | TOPIC   | ESSENTIAL READING   |
|---------|---|---|
|         | <ul style="list-style-type: none"> <li>• Secondary Markets</li> <li>• Bond Markets</li> <li>• Financial Intermediaries</li> </ul> <p>-</p>  |   |
| 6&7     | <p><u>Overview of Banking:</u></p> <ul style="list-style-type: none"> <li>• Reserve Banking &amp; Reserve Bank of India</li> <li>• Commercial Banking</li> </ul> <p>- Non-Banking Financial Companies</p> | <p>Chapters 9&amp; 10 Mishkin</p> <p>Mohan, R. (2006). <i>Evolution of central banking in India</i></p> <p>- Acharya, V. V. (2018). <i>On the Importance of Independent Regulatory Institutions – The Case of the Central Bank.</i></p> |
| 8       | <p>- Efficiency of Financial Markets</p>  | <p>- Chapter 6 Mishkin</p>  |
| 9       | <p>Overview of the Indian Financial System- Dynamics and Challenges</p> <p>-</p>  | <p>- Chapter 2 Khan and Mohan, R., &amp; Ray, P. (2018). <i>Indian financial sector: Structure, trends, and turns</i></p>   |
| 10      | <p>Capital Market in India:</p> <ul style="list-style-type: none"> <li>• Evolution &amp; Regulations</li> <li>• Recent Trends</li> </ul> <p>- Major instruments</p>                                       | <p>Chapter 12 Mishkin &amp;</p> <p>- Joseph E. Stiglitz, <i>Capital-market Liberalization, Globalization, and the IMF</i></p>   |
| 11 & 12 | <ul style="list-style-type: none"> <li>• Forex Market in India</li> </ul> <p>- Private Foreign Investments in India</p>   | <p>- Chapter 14 Mishkin; Chapter 18 Khan</p>  |

| WEEK   | TOPIC   | ESSENTIAL READING   |
|--------|---|---|
| 13 &14 | <ul style="list-style-type: none"> <li>• The International Financial System</li> </ul> <p><u>Financial Crises:</u></p> <ul style="list-style-type: none"> <li>• Why do Financial Crises occur?</li> <li>• Features and Dynamics of Financial Crises</li> <li>• Financial Crises in the EMEs</li> <li>• Overview of the Financial Sector Reforms &amp; Regulations in the EMEs</li> </ul> <p>-</p> | <p>Chapter 8 &amp; 15 Mishkin</p> <p>Financial Market Regulation and Reforms in Emerging Markets</p> <p>- Kawai &amp; Prasad. ADB</p> |
| 15     | <b>REVISION</b>   |   |

**Part VI Relevant Readings / Essential Readings**

There is no one single textbook required for the course.

Class lectures and discussions are the most important sources, with materials drawn from different sources. Relevant readings for every topic will be periodically sent to the class. Case studies will be frequently used to help gain conceptual clarity. The case studies will be given before class discussions.

We will refer to the following textbooks at different points in time during the semester. A tentative reading list is also given at the end of the syllabus. Students will be encouraged to do web-exercises to apply the learnings and watch documentaries to develop concepts and get contextual evidence from history.

### **Textbooks:**

*Financial Markets and Institutions:* by Mishkin, Pub: Pearson, Edition 7<sup>th</sup>

*Indian Financial System,* by M.Y. Khan Tata McGraw Hill, Edition 9<sup>th</sup>

### **Articles:**

- Acharya, V. V. (2018). “*On the Importance of Independent Regulatory Institutions – The Case of the Central Bank,*” A.D. Shroff Memorial Lecture, Mumbai, 26 October 2018, available at: <https://rbidocs.rbi.org.in/rdocs/Speeches/PDFs/ADSML51EEB918B7194BC6AA8B764B05006B15.PDF>
- Mohan, R. (2006). *Evolution of central banking in India.* Reserve Bank of India Bulletin, June, 17.
- Mohan, R., & Ray, P. (2018). *Indian financial sector: Structure, trends, and turns,* IMF Working Paper Series WPS17/7 pp. 54-75.
- Shleifer, A. (2005). *Understanding regulation,* European Financial Management, 11(4), 439-451.
- Stiglitz, J.E. (2004). *Capital-market Liberalization, Globalization, and the IMF,* Oxford Review of Economic Policy, 20 (1), 57–71, doi: <https://doi.org/10.1093/oxrep/grh004>

### **Additional Readings:**

- *Saving Capitalism from the Capitalists: Unleashing the Power of Financial Markets to Create Wealth and Spread Opportunity:* by Raghuram G. & Zingales, Luigi
- *Quest for restoring financial stability in India:* by Viral V. Acharya Sage Publications Pvt. Limited.

### **Reference Documentaries:**

- The Ascent of Money by Nial Ferguson 6-part series, PBS Documentary
- Commanding Heights – The Battle for World Economy, 3-part series, PBS Documentary