POST-GRADUATE DIPLOMA

IN

FINANCIAL MARKETS

AND

INSURANCE

(Effective from June 2014)

SEMESTER-I

- Paper-I: Financial Management
- Paper-II: Techniques of Financial Analysis
- Paper-III: Life Insurance
- Paper-IV: Risk Management

SEMESTER-II

- Paper-V: Investment Management
- Paper-VI: Marketing of Financial Services
- Paper-VII: Non-Life Insurance
- Paper-VIII: Regulation of Financial Markets and Services
- Project Report (Dissertation)
SEMESTER-I

PAPER – I: FINANCIAL MANAGEMENT

Unit 1: Financial Management Overview:
- Evolution
- Objectives/Goals
- Functions and Scope
- Relationship of Finance to Economics and Accountancy
- Emerging Role of the Financial Manager

Unit 2: Valuation Concepts in Financial Decisions:
- Time Value of Money – Compound Value, Future Values, Net Present Value
- Present Value of Bonds and Shares
- Risk and Returns – Theory, Evidence and Application

Unit 3: Investment Decisions: Long Term Investments:
- Techniques of Capital Budgeting
- Risk Analysis in Capital Budgeting
- Cost of Capital

Unit 4: Investment Decisions: Short Term Investments:
- Working Capital Management
- Principles of Working Capital
- Management of Cash
- Management of Accounts Receivables
- Management of Inventories
- Working Capital Finance

Unit 5: Financing and Dividend Decisions:
- Financial and Operating Leverage
- Capital Structure Theories
- Dividend Theories and Policy
- Long Term Sources of Finance
  - Equity Share Capital – recent trends in equity finance
  - Debt as a Source of Finance – innovations in debt market
  - New Instruments

References:
1. Prasanna Chandra; Financial Management: Theory and Practice; Tata McGraw Hill
2. Pandey; I.M.; Financial Management; Vikas Publications
4. Brearley and Myers; Principles of Corporate Finance, Tata McGraw Hill.
PAPER – II: TECHNIQUES OF FINANCIAL ANALYSIS

Unit 1: Basic Tools of Analysis:
- The Function
- The Slope
- Measuring Slope by Differentiation
- The Partial Derivative
- Applications of Derivative
- Elasticity

Unit 2: Optimization Techniques:
- Unconstrained Optimization
- Maximizing Total Revenue
- Minimizing Average Cost
- Maximization of Profit
- Constraint Optimization (by substitution technique & by Lagrangian Multiplier method)

Unit 3: Mathematics for Finance:
- Introduction and Overview
- Time Value of Money and Theory of Interest
- Return, Risk and Co-movement
- Elementary Portfolio Mathematics
- Differential Calculus

Unit 4: Financial Statements Analysis and Techniques of Financial Decision Making
- Financial Ratios
- Fund Flow Analysis
- Cash Flow Analysis (AS-3)
- Economic Value Added
- Relevant Information and Decision Making: Short run and long run decisions. Features of Relevant information – Revenues and Costs; Relevant information and differential analysis; Precautions in decision making; Types of differential analysis decisions
  - Make or buy
  - Drop or add
  - Sell or process further
  - Operate or shut down
  - Replace or retain
  - Buy or lease
  - In sourcing or Out sourcing
  - Special Orders

Unit 5: Statistical Methods:
- Descriptive Statistics: Data Representation, Basic concepts and applications of the measures of Central Tendency, Dispersion, Skewness and Kurtosis.; Bivariate Analysis: Correlation Analysis, Rank Correlation, Regression Analysis: Simple Linear Regression, Multiple Regression, Concept of Coefficient of Determination and its interpretation.
[Emphasis on the application of statistics in managerial decision making is expected rather than calculation of more illustrations]

References:

1) Business Mathematics – Sancheti & Kapoor, Sultan Chand & Sons
2) Managerial Economics –
4) Moshe Ben-horin and Levy: “Statistics- Decision and Applications” Addison Wesley
5) Srivastav, Shenoy and Sharma: "Quantitative Techniques for Managerial Decisions" Wiley Eastern
6) Bernard Ostle and Mensing R. W.: "Statistics in Research" 1th IOWA State University Press
PAPER – III: LIFE INSURANCE

Unit 1: (A) General Theory of Insurance:
- Introduction of Insurance
- Principles of Insurance
- Insurance Industry and Insurance Market
- Insurance Terminology: Common terms used in insurance – terms common to both life and non-life insurance – terms are specific to life and non-life insurance – how insurance terms are used.

(B) Economic Security and Economics of Life Insurance
- Life Insurance Pricing Fundamentals
- History and Importance of Life Insurance
- Uses of Life Insurance
  - Life Insurance in Personal Financial Planning
  - Life Insurance Taxation
  - Life Insurance in Business Planning

Unit 2: Life Insurance – An Introduction:

Unit 3: Introduction to Life Insurance Products: Plans of Life Insurance:

Unit 4: Principles Of Life Insurance: Premiums And Bonuses:

Unit 5: Claims Management:
Life Insurance Policy Evaluation, Policy conditions affecting claims, Different types of policy claims – Survival Benefits – Death Claims – Maturity Claims –
Submission of Proof of title at claim processing stage – Early Claims & Non –early claims –
Documents required for processing early claims – Death due to un-natural causes or
accidents – Nomination – Assignment – Waiver of evidence of title – Claims Concession
Clause and Extended Claims Concession Clause – Presumption of Death – Insurance Riders
– Accidental Death Benefit rider – Permanent Death Benefit Rider – IRDA regulations w.r.t
Claim payments, - Assessment of loss – Under Insured depreciation, Salvage & excess, -
Role of Surveyor

References:

- Life and Health Insurance – Herald Skipper Jr. and Kenneth Black Jr., Pheipe –Pearson
  Education.
- Economics of Life Insurance – S. S. Hubebuer.
- Life Insurance – The Institute of Certified Risk and Insurance Managers.
PAPER IV: RISK MANAGEMENT


Unit 5: Risk Retention. Benefits of Retention; Determinants of Retention Policy; Guidelines for Optimal Retention

References:
1) Williams, Arthur; “Risk Management and Insurance; McGraw Hill.
3) Harrington; “Risk Management and Insurance; McGraw Hill.
SEMESTER-II

PAPER – V: INVESTMENT MANAGEMENT


Unit:2 Financial Markets:
- Money Market: Meaning, Characteristics and Functions of Money Market; Intermediaries in the Money Market; Development of Money Market in India; Money Market Instruments: Treasury Bills, Commercial Paper; Certificate of Deposit; Commercial Bills; Collateralized Borrowing and Lending Obligation; Call Money Market and Term Money Market.
- Capital Market: Meaning, Functions and Types of Capital Market; Reforms in the Capital market; Intermediaries; Issue Mechanisms; Types of Primary Issues: Public, Rights and Private Placement; Resource Mobilization from International Capital Markets: ADRs, GDRs and ECBs; Primary Market Scenario in India; Debt Market: Private Corporate and government securities market; Functions of the Secondary Market; Organization, Management and Membership of Stock Exchanges; Listing of Securities; Trading Arrangements; Stock Market Index; Functions of Stock Exchanges, Role of SEBI as a Regulatory Body
- Derivatives and Their Valuation: Introduction to Derivatives, Financial Derivatives: Risk-Return Characteristics of these instruments, Corporate Investments Hedging Instruments: Forward Contracts, Futures Contracts, Forward/Futures Contracts, Options, Types of Options, Concept of Basis in Futures Market, Hedge Ratios, Warrants, Swaps, Valuation of these Instruments.


Reference:
1) Fischer, Donald E and Jordon, Ronald J., Security Analysis and Portfolio Management; Prentice Hall India; New Delhi.
2) Bhall; Investment Analysis, S.Chand and Co., Delhi.
9) Financial Markets & Institutions: L.M.Bhole
**PAPER – VI - MARKETING OF FINANCIAL SERVICES**

**Unit 1: Basics of Marketing:**
Understanding Marketing management and Marketing Environment: nature and scope of Marketing management; company orientation towards the market place; basics of services marketing; Understanding consumer behavior & identifying market segments & dealing with competition, branding: creating customer value & satisfaction; factors influencing consumer behavior and buying process of financial services.

**Unit 2: Financial Services:**
Meaning and need for financial services; Financial Services as a component of financial system; Types of Financial Services, Depositories and Custodians; Credit Rating; Factoring and Forfeiting, Lease and Hire Purchase; **Investment Banking**: Investment Banks; Functions and Types of Investment Banks; Investment Banking Services; Merchant Banking Services; **Housing Finance**: Role of Housing and Housing Finance in the Economy; Policy initiatives and measures to develop housing finance in India; Housing, Reverse Mortgage Loan. **Banking and Non-Banking Services**: Importance and Functions of Banks; Development of Banking in India; Scheduled Commercial Banks; Mobilization, Lending and Investment of Funds by Banks; Origin and development of insurance, types of insurance, General health and life. **Mutual Funds**: Meaning, Concepts of Mutual Funds; Growth of mutual fund Industry in India; Organization of a mutual fund; Types of mutual funds schemes; Role of Intermediaries and marketing of mutual funds; Methods of investing in a mutual fund scheme.

**Unit 3 Marketing of Financial Services:**
Need and scope of marketing of financial services User of financial services and their behavior; Market segmentation and mix of financial services; Dealing with product – life cycle, new product development, classification, service as a product, pricing product, product life cycle; new products – need, scope and importance & new product development process, pricing, managing service quality of financial services; Financial engineering and marketing of services, Advertising and promotion of financial services, Customer Relationship Management and Marketing; Marketing strategies for various financial services.

**Unit 4: Distribution and Promotion of Financial Services:**
Distribution channels in financial services, Behavioral Aspects:
- a) Motivation
- b) Moral
- d) Persuasive skills
- e) Analytical Liability
- f) Behavior with others

**Unit 5: Communication Skills**
Importance and benefits of effective communication in financial service industry, components of communication; role of verbal & non-verbal Symbols in communication; communication barriers, strategies for successful listening and speaking skills

**Reference:**
1) Kotler, Philip; Marketing Management, Pearson Education
3) Pezzullo, Marketing Financial Services, MacMillan India.
6) Financial Markets & Institutions: L.M.Bhole
9) Marketing of Financial Services by Dr Dhananjay Bapat, Biztantra Publications


References:
- General Insurance, John Magee & David Bicklhaup
- Operational Transformation of General Insurance Industry during the period 1950 to 1990 & Beyond, R. D. Samarth
- Study on Distribution Functions in General Insurance & Role of Intermediaries, Arun Agarwal / P R Rao
- General Insurance for Information Technology Professionals, Martin Frappoli.
- General Insurance – The Institute of Certified Risk and Insurance Managers.
Unit 1: Regulatory framework of financial markets and services.


Unit 3: Regulation of Insurance Business.

Unit 4: IRDA Regulations.
- IRDA (Insurance Advertisement & Disclosure) Regulations
- IRDA (Licensing of Insurance Agent’s) Regulations
- IRDA (Assets, Liabilities & Solvency Margin of Insurance) Regulations
- IRDA (Protection of Policy holders’ Interest) Regulations
- IRDA (Insurance Brokers) Regulations
- Redressal of Public Grievances Rules


References:
1) SEBI Manual
2) IRDA Reports
5) Handbook of Insurance Laws; Kumar; Law Publishers.
List of SUGGESTED TOPICS (In addition to any other topic selected in consultation with the respective guide):

1) Insurance Industry in India: Growth, Prospects and Challenges
2) Performance Evaluation of LIC
3) Comparative study of Financial Performance and Growth of LIC vs. Private Sector Life Insurance Companies
4) Marketing Strategies for Life Insurance
5) Marketing Strategies of Non-Life Insurance
6) Performance Evaluation of a Non-Life Insurance Company
7) An Empirical study of Bank Assurance
8) Concept of Reinsurance in India: Its Relevance Indian Insurance Sector
9) Role of IRDA in Regulating Insurance Industry: Recent Regulations and their possible Impacts
10) Growth of any one Type of Non-life Insurance sector in India
11) An Empirical study of ULIP
12) An Empirical study of popularity of Mediclaim and Personal Accident Policies
13) A comparative study of various Plans of LIC
14) A study on Public Grievances for a private sector Insurance company
15) Demand Forecasting for a particular Insurance Policy