

॥ अंतरी पेटवू ज्ञानज्योत ॥



**North Maharashtra University,**  
**Jalgaon**

**Syllabus for**

**Diploma in Banking and Finance**

**(One Year Course)**

w.e.f. July, 2002

NORTH MAHARASHTRA UNIVERSITY, JALGAON  
DIPLOMA IN BANKING AND FINANCE  
From Academic Year 2002-2003  
(W.e.f. July, 2002)

(I) Introduction :

1. The name of the programme shall be Diploma in Banking and Finance
2. The Diploma in Banking & Finance programme will be a Part-time one year Course; it will consist of 7 papers of 100 marks each & Project one year Course it will consist of 7 papers of 100 marks each & Project

Report & Viva-Voce of 100 marks as mentioned below :

- \* Indian Financial System & Commercial Banking
- \* Laws & Practical Relating to Banking
- \* Basic Accountancy, Management Accounting & Financial Mgt.
- \* Mgt. of Lending & Recovery of Dues
- \* Investment & Merchant Banking
- \* e-Banking & Foreign Exchange and Risk Mgt.
- \* Projects Report & Viva-Voce

3. Ordinarily, in each class, not more than 60 students be admitted.

(II) ELIGIBILITY FOR ADMISSION:

H.S.C. OR Diploma awarded by recognised Board of Technical Educations of State or Central Govt.

(III) Assessment:

The final total assessment of the candidate is made in terms of an internal assessment and an external assessment for each course.

- (a) For each paper, 40% marks will be based on internal assessment and 60% marks for year end examination (external assessment), unless otherwise stated.
- (b) The division of the 40% marks allotted to internal assessment of theory papers is on the basis Written test and tutorials
- (c) The internal marks will be communicated to the University at the end of each year, but before the year end examinations. These marks will be considered for the declaration of the results.

(IV) Project Work and Practicals;

As a part of the course students will have to complete their project work under the guidance of internal guide and prepare a project report in 2 copies to be submitted to the Principal/Director.

Project Work may be done individually or in a group of two students. However if project is done in group, each student must be given a responsibility for a distinct module and care should be taken to see that progress of individual modules is independent of others.

The Project Work should be of such a nature that it could prove useful or be relevant from the commercial/management angle.

The project report will be duly assessed by the internal guide of the subject. It is expected that work on the project should commence from November and should be over by February of that Academic Year. Mark will be communicated by the Director to the University after receiving the Seat numbers form the University along with the marks of the internal credit for theory and practicals to be communicated for all other courses.

The project work will be carry 40 marks for internal assessment and 60 marks for external viva. The external viva shall be conducted by a minimum of two external examiners.

Project Work can be carried out in the Institute or outside with prior permission of the Institute.

The external viva-voce examination for Project Work would be held in March/April.

(V) Examination:

Examination shall be conducted at the end of the year i.e. during April/May.

(VI) Standard of Passing Class Awarded

Every candidate must secure 50% Marks in aggregate and for external examination 24 out of 60 marks and for internal examination 16 out of 40 marks. For Passing in the semester examination a candidate must secured minimum 40% marks in each individual paper & internal marks separately perscribed for the semester.

1. Aggregate 70% and above .. First Class with Distinction
2. Aggregate 60 % and above .. First Class
3. Aggregate 50% and above .. Second Class
4. Below 50 % .. Fail

(VII) Medium of Instruction :

The medium of Instruction will be English.

**Diploma in Banking and Finance**

(W.e.f. July, 2002)

**1. INDIAN FINANCIAL SYSTEM & COMMERCIAL BANKING -**

**Objectives**

The candidate would be able to acquire -

1. A fair knowledge about the banking environment
2. Knowledge of the historical / emerging role of Banks
3. Knowledge about the essential legal aspects of banking as also a clear understanding of various function
4. A clear perspective of banking operations and their implications in various areas

**Syllabus**

**SECTION 'A' : FINANCIAL SYSTEM**

1. Structure of Indian Financial System - Constituents - R.B.I.; Commercial Banks; Rural Banks; Corporate Banks; Land Development Banks; Development Banks such as IFCI, NABARD, IDBI, IRBI, SHCI, ICICI, EXIM Bank, SIDBI, DFHI, SFCs, NHB; Non - Banking Financial Institutions [NBFCs], Indian Capital Markets, Mutual Funds, Merchant Banking, Finance Companies, LIC, UTI, GIC; Main functions of these constituents and perspective roles.
  2. Origin and evolution of Indian Banking - changes in the role and functions of commercial banks; Banking Regulation Act, 1949 - regulatory framework - provisions relating to opening of new Banks / branches.
  3. Role of R.B.I - functions - supervision, development and refinancing functions; Commercial Banks, and other constituents of the financial system.
  4. R.B.I Act, 1934 - an overview of the provisions relating to Banks and other Financial Institutions, Statutory requirements, Reserve requirements.
- Narasimham Committee Report [ I & II ] - On Financial Sector Reform.
- Implementation - Review - etc. : Basle Committee Norms about Capital Adequacy, Income Recognition, Classification and Provisioning.

**SECTION 'B' : TRENDS IN RURAL, SOCIAL AND DEVELOPMENT BANKING**

5. Financial sector developments, pre-nationalization and post-nationalizations; rural credit and institutional development for rural and agricultural development.

6. Introduction to Social - Banking - Lead Bank Scheme, Service area approach - Socio - economic and Poverty Alleviation programmes such as IRDP, PMRY, PMI UPEP - Housing Finance for the poorer and weaker sections, Priority Sector lending; various development programs of the Government in agricultural and rural development. Village and Cottage Industries, Tiny Industries, Small-scale industries and Ancillaries and their role and scope in the development processes.

SECTION 'C' : DEPOSITS AND ANCILLARY SERVICES - CUSTOMER RELATIONS :

7. Banker - Customer relations - services rendered by Banks - general and special features of the relationship in all aspects of banking transactions. Mandates and power of attorney; duty of secrecy, Banker's lien and right of set-off / appropriation; Garnishee and attachment orders, Disclosures permitted by under law and by practice.
8. Knowledge of NI Act, Payment and collection of cheques and other negotiable instruments; Duties and responsibilities of a Paying and collective Banker; Protection available to the paying and collective banker; types of endorsements / negotiation and their implications; forged instruments and bouncing of cheques and their implications;
9. Deposit Accounts and types of customers; procedure and practice in opening, closing and conduct of accounts; various types of customers like minors, joint account holders, partnership firms, companies, joint Hindu family, executors, trustees, clubs and associations, illiterate, charitable institutions, Government and allied public sector bodies / institutions, Non-resident accounts - definition, types of deposit accounts, various facilities to NRIs and opening, closing and conduct of NRI accounts, cash and currency chests.
10. Miscellaneous Services - Bank Guarantees and Letters Credit - Remittance of Funds - Safe Custody of Articles - safe Deposit Lockers - Nomination Facility - Debit / Credit Cards - ATMs - Travelers / Gift cheques - Banking of government accounts, Overview of Merchant Banking.
11. Customer relations in a competitive environment - understanding the needs of customers - customer - bank relationship - customer service and customer orientation - interpersonal skills and relations - public relations and image building - Business development and deposit mobilization.
12. Consumer Protection Act / Forums and Ombudsman - concept of service, deficiency in service and Redressal mechanism.
13. Recommendations of various committees on customer service.

## SECTION 'D' : BANK MARKETING

14. Marketing – why marketing – marketing approach – products marketing and service marketing – marketing concepts and strategies – marketing mix – need for marketing – marketing Vs selling – marketing skills – market segmentation.
15. Customer focus – understanding customer behaviors – identifying buyers – research needs – maintaining data base of customers – analysis of potential customers – market forecasting.
16. Customer care – services offered – setting and monitoring standards – quality / study circles – customer grievances / complaints redressal machinery.

## 2. LAWS & PRACTICES RELATING TO BANKING

### Objectives

The candidates would be able to acquire an in depth knowledge of –

1. The legal and regulatory framework of the Banking system
2. The various laws and enactment's affecting day to day banking operations.
3. The principles and importance of credit, documentation, monitoring and control
4. A broad understanding of other functions associated with banking

### Syllabus

#### SECTION A : REGULATIONS

- A. R.B.I Act / Banking Regulation Act, 1940
- B. Government's and Reserve Bank of India's powers
  - i. Opening of new Banks and branch licensing.
  - ii. Constitution of the Board of Directors and their rights.
  - iii. Bank's shareholders and their rights.
  - iv. Maintenance of Liquid Assets / Reserve funds / Cash reserves / Statutory reserves; CRR / SLR concepts, guidelines and impact on Banks.
  - v. Cash / Currency Chest Management.
  - vi. Winding up and amalgamations of Banks.
  - vii. Powers to control advances: Monetary and Credit policies: selective Credit controls.
  - viii. Interest rate policies and directives.
  - ix. Statutory Audit and Inspections; Supervision and control function. Board of Financial Supervision and its scope and role.
  - x. Disclosure of Accounts and Balance sheets.
  - xi. Submission of Returns etc., to Reserve Bank of India.
  - xii. Banking Companies [ Acquisition and Transfer of Undertaking ] Act, 1970 and 1980 – Amendments to the Acts – Powers of the Central Government to acquire shares and disinvest shares of Banking Companies.

## SECTION B : LEGAL ASPECTS OF BANKING OPERATIONS

The questions in this section will be with strict reference to legal issues and problems and will be generally based on case studies.

The candidates while answering the questions, should be able to relate various aspects of branch banking with the relevant laws such as Indian contract Act, Sale of Goods Act, Negotiable Instrument Act, Bankers Book evidence Act, Indian Company Law, Indian Partnership Act etc.,

- i. Case Laws on Responsibility of Paying / Collecting Bankers.
- ii. Essential of a contract and types of contract; various types of relationships with customers such as Creditor – Debtors, Bailor – Bailee, Principal – Agent etc., Garnishee orders and attachment orders; Banker's right of lien, set off and appropriation.
- iii. Indemnities and Bank guarantees, scope and application, obligations of a Bankers; precautions and rights, letters of credits and DPGs, Inland Bill discounting, Laws relating to Bill Finance.
- iv. Types of Securities, Laws relating to securities, valuation of securities, modes of charging of securities.
- v. Different types of Borrowers, types of credit facilities, NBFCs, Broking firms and Intermediary agencies, secured and unsecured loans, registration of firms / companies registration / satisfaction of charges.

## SECTION C : CREDIT MANAGEMENT

Credit, Documentation, Monitoring and Control

The candidate should be able to relate various aspects of Credit Monitoring, Control and Recovery aspects with the relevant laws such as Transfer of Property Act, Stamp Act, and Limitation Act etc.,

- a. Principles of credit management; Credit Appraisal Techniques; approach to lending; recommendations of various Committees in the area of Credit.
- b. Credit Monitoring Arrangement; Loan syndication and lending to groups; loan delivery system; Credit Rating – role of various Credit Rating Agencies and their impact; Stock Statements; Select Operational Data and Quarterly Information system;
- c. Consortium Finance – objectives, scope and guidelines – Role of the Leader and Participating Institutions / members – paripassu charges – security norms – comparison with Multiple Banking Arrangements; Shetty Committee recommendations.

- d. Different types of documents; Documentation Procedures; Stamping of Documents and their scope; relevance and consequences; Validity of documents; Effect of Limitation; Different types of Mortgages; Creation; enforcement and precaution to be taken. Various types of documents of title to goods, advantages and drawbacks of each type precautions to be taken while sanctioning advances against them.
- e. Inspection of securities, Financial and Physical follow - up, Enduse of credit, Diversion of funds, Recall of advances and recovery, seizure and attachment of Assets, stoppage of operations, stoppage of interest application, filing and execution of recovery suits, recovery in the case of death of a borrower, recovery mechanisms and processes, execution of decrees.

#### SECTION D : RECOVERY MEASURES

##### Other areas

- f. Prevention and Detection of frauds and forgeries, preventive vigilance, vigilance setup and functions and objectives.
- g. Sick industries and their rehabilitation, definition of sick / weak industrial units and companies, causes and symptoms of sickness, reliefs and concessions available to sick industries, BIFR and its role, Debt Recovery Tribunals.
- h. Case Laws on COPRA and OMBUDSMAN - concepts of service and deficiency in service - Redressal mechanism - impact on banks.
- i. Audit and Inspection - types of audit, scope and objectives of audit, computer audit and frauds, Internal controls and functions, reconciliation of office / branch account.
- j. New enactment's / laws proposed to be introduced in the banking system, SHRE committee recommendations.

### 3. BASIC ACCOUNTANCY, MANAGEMENT ACCOUNTING & FINANCIAL MANAGEMENT

#### Objectives -

The candidate would be able to acquire -

1. Knowledge about the basic accounting principles and concepts
2. And grasp the mechanics of accountancy and its applications to various categories of accounts
3. Knowledge about preparation of the basic accounting financial statements.
4. The principles of financial management and management accounting
5. The techniques of analysis and interpretation of financial statements
6. The corporate concerns in the areas of prudential norms and the financial discipline to be practiced by bankers.



PART I : BASIC ACCOUNTANCY  
SECTION 'A' : BACKGROUND

1. Nature and purpose of accounting. Historical perspectives – origins of accounting principles, accounting standards in India, Management accounting and its definition and scope – distinction between financial accounting and management accounting, Accounting in a computerized environment.
2. Accounting concepts and principles – concepts of accountancy – entity – going concern – double entry systems – principles of conservatism, revenue recognition and realization, matching and expenses recognition – accrual and cash basis.

SECTION 'B' : BOOK – KEEPING MECHANICS

3. Record keeping basics – account categories – debit and credit concepts – T account and columnar accounting mechanics – Journalizing – writing cash books – Bank reconciliation statement – trial balance – adjusting and closing entries

SECTION 'C' : BALANCE SHEET AND PROFIT & LOSS ACCOUNTING –

4. Balance sheet structure – accounts – categories – Assets Liabilities and Net worth components
5. Income & Expenditure accounts – P & L Account – Income Statement – Accounting for depreciation – Accounting for bad and doubtful debts – P & L Account and appropriation – Reserves & Provisions accounting and concepts – sinking funds.

SECTION 'D' : ACCOUNTING FOR TYPES OF ENTITIES –

LM

6. Partnership accounts – Partner's fixed capital accounts – current accounts – loan accounts – treatment of intangibles like goodwill – admission / retirement / death of partner – sleeping / quasi and limited partnership.
7. Company accounts – Partnership Vs Ltd. Liability – Co accounts – classes of share capital – issue / forfeiture of share – non-voting shares – issue of bonus shares – schedule VI of the Companies Act, 1956 – preparation of final accounts – final accounts of Banking Companies.
8. Special accounts – Leasing and Hire purchase company accounts contracting companies accounts – Accounts of Non-trading concerns – Receipts & Payments

## PART II : MANAGEMENT ACCOUNTING & FINANCIAL MANAGEMENT

### SECTION A : INTRODUCTION

1. Management accounting – meaning and scope, principles and utility, limitations
2. Financial Management, evolution and scope, objectives and basic consideration, Acquiring and allocating resources, anticipating financial needs, comparison with management accounting
3. Accounting concepts and conventions, Generally accepted accounting practices and standards, International accounting standards, setting of objectives and the planning process.

### SECTION B : FINANCIAL MANAGEMENT

4. Functional areas of financial management, costing, concepts of cost and components of cost, methods and classification, implications of costing, pricing and its objectives, cost benefit analysis, cost volume profit relationship, contribution analysis break even analysis.
5. Capital budgeting, long term financing, appraisal of capital expenditure, methods of appraisal, preparation of cash flow and forecasting, concept of IRR and Net present value estimation, DPG and Term loan appraisal.
6. Budgetary control, meaning, scope and limitations of a budget, zero based budgeting, classification of budgets, forecasts and budgeting.

### SECTION C : ASSESSMENT OF WORKING CAPITAL

The questions in this Section will mainly consists of case studies and problems-

7. Analysis and Interpretation of Financial Statements, Types of Ratios and interpretation, Cash Flow and Funds Flow techniques.
8. Various methods of Working capital assessment, factors affecting working capital, inventory and receivables management, assessing working capital needs, both fund based and non- fund based facilities, regulation of bank finance.

### SECTION D : METHODS OF FINANCING AND CONTROL

9. Leasing and Hire purchase, techniques of financial and appraisal of Leasing, Hire purchase, factoring – appraisal of proposals and techniques of financing-comparisons with other methods of financing, forfeiting- techniques of financing and advantages to Exporters and Banks
10. Marginal Costing and profitability, concepts, advantages and disadvantages of marginal costing, Direct Costing, Product pricing models, Transfer pricing concepts and application, imputed costs, pricing of Bank Services, Profit planning.
11. Prudential Accounting Standards – Capital Adequacy concepts and impact, Exposure ceilings, Assets classification, Income recognition and provisioning guidelines.

#### 4. MANAGEMENT OF LENDING & RECOVERY OF DUES -

##### Objectives

The Candidate would be able to acquire -

- 1 Knowledge of social banking, priority sector, exports and the related issues.
- 2 Knowledge about the guidelines of the Government and the Reserve Bank of India and the latest developments in the areas related to priority sector and exports.
- 3 Knowledge as to the rationale behind the policies and the role of different agencies/Banks.

##### Syllabus

#### SECTION A : INTRODUCTION

1. Principles of Bank Lending- Different kinds of borrowers and types of credit facilities granted by Banks Types of securities and methods of charging them - types of documents such as pledge/hypothecation agreement, demand promissory notes, mortgage deed, valuation of securities, indemnity bonds, Personal Loans and Consumer durables finance, finance against shares and securities, overview of Hire purchase, leasing, factoring and export finance.
2. Concepts of Priority Sector & Lending, evolution of these concepts, thrust areas, historical background, Lead Bank Scheme, Service Area Approach and Service Area Monitoring and Information system (SAMIS), Weaker Sections, Guidelines/Norms for various Priority Sector.
3. Poverty - definition, nature, causes, extent and remedies, Urban based and rural based programs for poverty alleviation.
4. Various committees in the areas of Priority Sector and their recommendations such as Nayak Committee, etc.
5. Credit Linked Poverty alleviation programs such as PMRY, IRDP, PMI, UPEP, etc., Non credit linked programs such as JRY, EGS, DW CRA etc., Concepts, objectives and rationale.
6. Introduction to Housing/Mortgage Finance, Innovative Banking, New thrust areas in Banking.

2. Concepts

#### SECTION B : RURAL FINANCE

- 7 Rural Credit, Non-farm activities, concept of ISB (Industry, Service, Business), importance of financing rural non-farm activities such as small business enterprises, industries, self employment schemes and self help group, rural infrastructure development fund.

Cont...

8. Machinery for rural development, R.B.I. and NABARD, role and functions, types of services, refinancing role, research and institutional development, rural development policies, structure of rural financing Institutions, problems associated with rural credit Institutions and their remedies, commercial/RRBs/ Coop Banks, role and functions, district credit planning, coordination and program implementation, DRDA, role and functions, DIC, role and functions, differential rate of interest scheme, DIC, GCI, role and functions, deposit insurance and credit guarantee schemes, coverage and lodging of claims, Mobilization of rural savings, security norms for Priority sector advances, strategies for recovery, Lok Adalat, Self help Groups, Local Area Banks, Innovative approaches to rural lending, involvement of NGOs.
9. Reforms in rural credit system, deregulation of interest rates of co-operative banks and RRBs, prudential norms and provisioning requirements, alternative credit delivery innovations, revamping rural credit system, development action plan (DAP) and Memorandum of Understanding (MoU), Monitoring of rural credit.

#### SECTION C : AGRICULTURE FINANCE :

10. Indian Agriculture – Role of Agriculture, organization of agricultural production, land reforms and agrarian structure, agrarian reforms, dimensions of agriculture policy and its implications for Rural financing institutions, Capital formation in Indian Agriculture, Approaches to the definitions of small/marginal/other Farmers.
11. Agricultural Technology, appraisal techniques in Hi-Tech agriculture, aquaculture, wind energy, vermiculture, etc., Application of technology to agriculture, Agro processing industries and post harvest and Post-harvest technology, Hybrid seeds, irrigation facilities, fertilizers etc., and increase of agricultural productivity, agricultural costs and prices, occupational structure, agricultural markets and marketing of rural products and linking of credit with marketing.
12. Appraisal Technique of financing, assessment of working capital requirements for farm and non-farm sectors, stabilization arrangements to tackle natural calamities, rural credit in the farm sector, short term credit such as crop loans, long term and medium term financing such as minor irrigation, well sinking, animal husbandry, land development, fishery, plantation and horticulture, forestry, Waste- land development, and dry land farming.

#### SECTION D : EXPORT FINANCE

13. India's foreign trade, balance of payments – Export/Import Structure and pattern, Issues relating to Agriculture and SSI Exports.
14. Export Credit : Norms for export credit, need for export credit, Different agencies involved in export credit and their role in exports credit such as EMIM Bank, commercial banks, Export promotional bodies, various credit facilities available to Exporters such as packing credit etc., export promotional schemes and facilities, ECGS role, functions and schemes.
15. WTO and GATT and other Agencies involved in International Trade.
16. RISK MANAGEMENT : R.B.I Guidelines, Mechanism and Disclosures etc.

## 5. INVESTMENT & MERCHANT BANKING

### Objectives

The candidates would be able

1. to acquire a basic knowledge of various aspects of Merchant and Investment Banking.
2. to acquire knowledge of the theoretical concepts and their applications to the banking sector.
3. To understand the impact of International Finance and Financial Instruments on the Financial Sector. The basic concepts and area of asset liability management will also be known.

### Syllabus

#### SECTION A : INTRODUCTION

1. Concept and functions, organization structure - managerial and advisory roles.
2. Role of Savings and investment, different types of securities available for investment in the money markets and capital markets, understanding stock market operations, valuation and pricing of securities, portfolio theories, valuation of goodwill, Specialized financing structure such as BOI, BOOT etc., Warrant pricing.
3. Techniques of forecasting security prices, fundamental analysis and technical analysis, cyclical behavior of prices, portfolio of planning and investment advice, taxation and investment.
4. Asset Liability Management - R.B.I. Guidelines, Importance in Funds Management, Mechanism etc.,

#### SECTION B : INVESTMENT MANAGEMENT

5. Investment Management, evolution and objectives, the investment environment, preview of the emerging environment
6. Investment market securities market, The Stock Exchanges - regional and national including NSE, over the counter market- (OTCEI), Bond Market, Depositories such as NSDL, Laws and regulations governing the securities and investment markets.
7. Considerations for investing in securities market, the equity route, type of account, types of positions, investment philosophies, stock market indicators, sources for investment information
8. Role of NBFCs, Reserve Bank of India guidelines etc.,

### SECTION C : CAPITAL MARKETS

9. Management of Capital Issues - Issue of Prospectus, etc., SEBI - functions and powers, protection and rights of Investors and shareholders.
10. Mutual funds and Venture Capital, Infrastructure finance, mergers / Amalgamations / Management buyouts etc., Equity research and Management, Portfolio Management, valuation of operating businesses (for mergers and takeovers)
11. Global merchant banking developments, raising of resources abroad, GDRs and ADRs - concepts and methodology of raising resources - impact on the Investment pattern - guidelines issued by Government / Reserve Bank of India on raising resources abroad.

### SECTION D : TREASURY MANAGEMENT

12. Treasury Management, concepts and functions, instruments in the treasury market, development of new financial products, control and supervision of Treasury management, linking of domestic operations with foreign operations.
13. Basic concepts of Loans syndication, Asset Securitisation, Credit rating, International Finance and capital markets.
14. Asset-Liability Management, Interest rate risk, interest rate futures, stock options, debt instruments, bond portfolio strategy, risk control and hedging instruments.
15. Investments - Treasury bills - Money market instruments such as CDS, CPs, IBPs Securitisation and forfeiting, Refinance and rediscounting facilities.

### 6. e-BANKING & FOREIGN EXCHANGE AND RISK MANAGEMENT

#### Objectives

The Candidates would be able -

1. to acquire a fair knowledge in the areas of foreign trade, foreign exchange and risk
2. to analyse and interpret the various factors which influence foreign trade and financing thereof.

## Syllabus

### SECTION A : INTRODUCTION TO FOREIGN EXCHANGE

1. The meaning of foreign trade, into terms, terms of delivery of goods, balance of payments, balance of trade,
2. Role of banks in foreign trade, methods of financing
  - a. Documentary letters of credit – UCPDC 500 - Uniform rules for bank to bank reimbursements under Documentary Credits ICC Brochure No. 525 (URR 525)
  - b. Bills for collection – UCC 522
  - c. Various facilities to Exporters and Importers including forfeiting and factoring
  - d. Counter trade and Merchanting trade
  - e. Correspondent Banking - Bank accounts NOSTRO AND VOSTRO Accounts - SWIFT, CHIPS, CHAPS, FEDWIRE, NRI account – Indian rupee and Foreign currency
3. Role of EXIM Bank
4. Role of the Central Bank of the country, Reserve Bank of India and exchange control regulations of India.
5. Role of FEDAI and FEDAI rules.
6. Risks in Foreign Trade - the effect of financial, political and economic events on the risks and exchange rates, role of ECGC types of insurance and guarantee covers of ECGC.

### SECTION B : WORLD MONETARY SYSTEM

1. An overview of developments in the World Monetary System
2. Asian Clearing Union
3. International Organisations such as IMF, World Bank etc., and lines of credit extended by them
4. Convertibility – capital and current account

### SECTION C : FOREX MANAGEMENT FOREIGN EXCHANGE MARKETS

1. International Foreign Exchange and Indian Foreign Exchange markets - Characteristics and functioning
2. Foreign Exchange dealing – funds position and currency position
3. Internal controls and foreign exchange business
4. Evaluation of foreign exchange profits

## EXCHANGE RATE MECHANISMS

1. Factors determining exchange rates - financial, political and economic
2. Direct and Indirect quotations
3. Spot rates, forward rates, premium and discount and cross rates
4. Determination of forward rates and their relationship with money market interest rates - calculation of swap rates, interest rates and arbitrage.
5. Rupees exchange rate

## BASICS OF RISK MANAGEMENT

1. Concepts & Objectives
2. Risk in Foreign Exchange - Spot and Forward and Basic issues in Interest Rate Risks
3. Risk management processes - techniques, measurement, monitoring and control
4. Basics of Derivatives - forward exchange rates, contracts, currency options, swaps and interest rate swaps. Major Recommendations of the Expert Group on Forex Markets (SODHANI COMMITTEE)

## SECTION D : SOURCES OF FOREX FUNDS

1. Debt - Short Term - Supplier's credit, buyer's credit, medium and long term - ECBs
2. Equity GDRs, ADRs FDI
3. NRI Investments
4. Offshore banking

## 7. PROJECTS REPORT & VIVA - VOCE

— X —