

## **Understanding the Financial World: A Beginner's Module**

The understanding of financial world is important to make investment decisions at the individual and company level. It revolves around managing money and utilizing it efficiently. The risk and return of any investment depend on macro-economic and company specific policies and surrounding environment. Thus, the knowledge of the working and implications of any financial instrument is essential for making a successful investment. It is important to understand the regulatory environment and tax implications of investment in any instrument and to be able to comprehend the financial statements of the companies.

### **Learning Objectives:**

This Course aims to acquaint the students with basic knowledge of several aspects of financial world and investment. The Course also discusses the basic concepts of some important macroeconomic variables like inflation and interest rate. It will discuss the various financial instruments and working of financial markets. The course will also equip you with the knowledge required to comprehend the financial statements of a company to make informed investment decisions. The course also discusses the knowledge, skills and tools required for effective financial planning and promoting financial well-being in general.

### **Learning Outcomes:**

The students will develop the capability to understand and comprehend financial jargon. They will also have a broad understanding of macroeconomic variables like interest rate and inflation and linkages to the financial products. They will also develop the ability to analyse financial statements. The students will be able to appreciate the concepts of investment planning and its methods.

### **Course Contents:**

#### **Module 1: Introduction to Financial System and Investment Environment**

Real Assets versus Financial Assets, Asset Classes and Financial Instruments, Risk, Return, Budgeting, Savings & Investment, Time value of money (**4 Hours**)

#### **Module 2: Key Macroeconomic Variables and Policy Implications**

Interest rate, Yield, Foreign flows, Foreign Reserves, Policy Instruments, Policy Corridor, Variable Repo Auction, Inflation & Foreign reserves, Repo Rate, Financial Markets and the Economy (**3 Hours**)

#### **Module 3: Regulatory Framework of Central Bank and Global Financial Regulatory Framework**

Recession, bubbles, mortgage crisis, NPAs, BASEL norms and regulations (**3 hours**)

#### **Module 4: Financial Market and Instruments**

Capital Market, Money market, Derivatives, Mutual funds, Index funds, hedge fund, Alternative Investment Fund, physical Gold, Digital Gold, Gold ETF, Sovereign Gold Bond etc. (**4 Hours**)

#### **Module 5: Investors in Markets and investment.**

RII, HNI, DII, FII, angel investors, private equity etc., greenfield and brownfield investment. (2 Hours)

**Module 6: Bond Valuation and Prices**

Bond Characteristics, Bond Pricing, Bond Yields, Bond Prices over Time, Default Risk and Bond Pricing, Yield Curve, Future Interest Rates, Term Structure theories (4 Hours)

**Module 7: Stock Valuation and Prices**

**Instructor Name: Mr. Rahul**

Estimated Value and Market Price, Categories of Equity Valuation Models, Dividend Discount Model (Gordon, Walter etc.), Multiplier models, method of comparable, relative models, Asset Pricing theories: Capital Asset Pricing Model (CAPM), Arbitrage Pricing Theory, Multifactor Models of risk and Return (6 hours)

**Module 8: Learning how to read Financial Statements**

Introduction to accounting, Income statement, Balance sheet, Ratio Analysis, Cash flow statements (2 hours)

**Module 9: Understanding Tax Implications and Tax Planning**

Long-term Capital Gains Tax, Short-Term Capital Gains Tax, Securities Transaction Tax (STT), Dividend Tax, Taxes on Interest Income, Tax Saving Investment options (2 hours)