



KAUTILYA SCHOOL OF PUBLIC POLICY

GITAM (Deemed to be University)
Rudraram, Patancheru Mandal
Hyderabad, Telangana 502329

Course Code: PPOL6102	Course Title: Fundamentals of Finance	
Trimester: 2	Course Type: Core	Credits: 3
Home Program(s): MPP	Batch/Academic Year: 2023-2025	
Course Lead: Mr. Ankur Kulshreshtra, Dr Rathin Roy, Dr. Udaibir Saran Das	Assigned T/RA:	

Course Description

The Fundamental of Finance is split into four parts: Together, these parts will provide the basic conceptual foundations of finance forming the basis for further study in public and private finance.

The first part of the course is taught by Dr. Rathin Roy. He will introduce the topics and analytical methods in public finance with reference to the Indian policy experience.

The second part of the course is covered by Mr. Ankur Kulshreshtra, Adjunct Professor at Birla Institute of Management Technology (BIMTECH). It will comprise the basics of corporate governance, financial markets and assets. These units introduce the essential laws and corporate governance issues that are necessary for understanding the company structure in India. It also gives an overview of the Indian financial system, various types of financial instruments and introduces learners to the basics of asset valuation and its interaction with interest rates and inflation dynamics. The learners are exposed to key emerging issues in the BFSI sectors.

International aspects of public policy are becoming increasingly relevant as India assumes a more significant role in the global economy. India is also becoming more exposed to economic and financial policy actions by third-country policymakers. Mr. Udaibir Das, Assistant Director and Advisor of the Monetary and Capital Markets Department at IMF who is Kautilya's Distinguished Non-Resident Fellow and Visiting Faculty, will be teaching the third part of this unit The third part of this course will introduce students to some of the analytical tools taught that drive international economic decision-making and the complexities relating to its outcomes. This encapsulated module is on global finance and international financial policies. Over four sessions, you will gain insights into the current state of global finance and explore the intricate architecture of international financial systems. You will also examine pressing contemporary issues, such as the financial implications of climate change

Fundamentals of Finance_Multiple Faculty
and the rise of digital finance, preparing you to navigate and respond to the evolving challenges in international finance.

Learning Objectives

1. Differentiate company structures & analyse the business environment and their impact on financial performance.
2. Understand the basics of financial markets and financial assets in India.
3. Appreciate the functioning of the global financial and monetary architecture and its relevance for India.
4. Understand the concepts and analyse the underlying tax, expenditure, public debt and their application in the Indian context.
5. Critically understand the theory of fiscal federalism and the public policy issues in Indian intergovernmental fiscal arrangements.

Course Outcomes

: On successful completion of this course, students will be able to

1. Understand the various types of financial instruments.
2. Critically examine some of the key issues in the BFSI industry.
3. Apply the fundamentals of finance knowledge gained to further study in private and public finance.
4. Understand the relevance of these concepts in the real world of global finance and international economics.
5. Demonstrate an understanding of the Global Financial Architecture and choices being made by different countries to handle emerging cross-border financial risks.
6. Introduced to the main concepts in public finance, government taxes: direct and indirect taxes, and familiarised with the main issues in government expenditure.
7. Critically examine the nature of fiscal federalism and its changing needs to the overall development of the country.

Course Schedule

Unit I	Sessions: 8	Public Finance and Public Policy
---------------	--------------------	---

<ol style="list-style-type: none"> 1. Government as an economic agent. 2. Revenue mobilisation: concept and analytics. <ol style="list-style-type: none"> a. How is a tax different from a price? b. Do governments seek to maximise revenues, as firms do? What are the constraints of revenue maximisation? c. Tax bases: income, consumption and trade. d. Progressivity and Proportionality. e. Taxing assets, rents and flows: Good ideas Vs Implementability. 3. Architecture of the Indian taxation system. 4. Public expenditure: concept and analytics. <ol style="list-style-type: none"> a. Economic and functional classification. b. Revenue and Capital expenditure. c. Regrettable necessities, compensatory and developmental expenditure: A Public Policy framework. d. An overview of Indian public expenditure. 5. Public debt and deficit: concept and analytics. <ol style="list-style-type: none"> a. Why is Public debt different from Private debt? b. Domestic Vs Foreign debt. c. Debt servicing: concepts and consequences. d. Public debt architecture in India: Article 292, FRBM, determination of interest rate, differential cost of Central, State and Public sector debt and multilateral debt. 6. Fiscal Federalism. <ol style="list-style-type: none"> a. Theories of fiscal federalism. b. Indian intergovernmental fiscal arrangements. c. The horizontal devolution and its Political Economy. d. Discretionary fiscal federalism: Grants, Cesses and cost sharing. 		
Unit II	Sessions: 4	The Corporate Decision Making and Governance
<ol style="list-style-type: none"> 1. Three main decisions for any finance manager 2. Different stakeholders and their motivations 3. Corporate Governance and Stakeholders Management 4. Agency problems and conflict management, Agency costs 5. Board of Directors, CEO – Roles and responsibilities 		
Unit III	Sessions: 4	Introduction to Financial Markets
<ol style="list-style-type: none"> 1. Capital Markets - Equity markets, Bond market 2. How do Stock Markets function? 3. Basics of Asset valuation 4. Overview of Foreign exchange market, Commodity market, Derivatives market 5. Market Participants: Regulators and Financial Intermediaries 		

Unit IV	Sessions: 3	Emerging Issues in BFSI
<ol style="list-style-type: none"> 1. A special primer on mutual funds 2. Credit Rating Agencies and their role 		
Unit V	Sessions: 4	The External Accounts, International Financial Architecture, and Current Policy Issues in International Economics
<ol style="list-style-type: none"> 1. Relevance of international finance to public policymaking <ol style="list-style-type: none"> a. Key concepts and definitions b. Structure and Functioning of International Financial System c. Central banks, markets, and institutions d. Historical evolution of the international financial system (Bretton Woods, post-Bretton Woods) 2. Tools and Theoretical Frameworks. <ol style="list-style-type: none"> a. Essential tools used in international finance. b. Analytical frameworks for understanding international finance. c. Mechanisms for global financial stability and functioning of global safety nets. d. Global Economic Governance and the International Monetary Fund (IMF) and other global financial institutions e. Currency exchange mechanisms and international monetary systems 3. Global Financial Markets <ol style="list-style-type: none"> a. Current Trends in International Capital Markets b. Emerging markets and global finance c. Exchange rates, FX reserves, and capital flows d. Sovereign debt markets and international borrowing e. Current Policy Issues in International Economics <ul style="list-style-type: none"> ● . International Finance and Climate Change ● . Emergence of digital currencies and fintech ● . Impact of digital finance on international financial systems ● . Future Directions and Policy Challenges ● . Global trade dynamics and protectionism ● . The role of regional financial agreements and organisations 		

2

3