(b) Explain the concept of leasing as a financial arrangement. Discuss its key features in detail and examine the various types of leasing. 9+9=18

6. Short Notes (any **two**) : 9+9=18

(a) Venture capital Vs Private Equity

(b) Commercial Paper

(c) Cash Reserve Ratio (CRR) and Statutory liquidity Ratio (SLR)

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[This question paper contains 4 printed pages]

Your Roll No. : ....

Sl. No. of Q. Paper : **5392** **I**

Unique Paper Code : 2924000035

Name of the Paper : GE: Indian Financial System

Name of the Course : **B.A. (Hons.) Business Economics**

Semester : IV/VI/VIII

Time : 3 Hours ***Maximum Marks : 90***

Instructions for Candidates :

(a) Write your Roll No. on the top immediately on receipt of this question paper.

(b) This paper contains **six** questions. Attempt any **five** questions.

(c) Question **One** is **compulsory.**

(d) **All** questions carry equal marks.

1. Gamma Securities, a retail brokerage firm, noticed that trading volume in listed shares increased sharply after the company announced a bonus issue. Many investors bought the shares in the secondary market, expecting price appreciation. At the same time, the finance team

explained to clients that the primary market is where securities are issued for the first time, while the secondary market is where investors buy and sell existing securities. The firm also emphasized that liquidity, price discovery, and efficient allocation of funds are key outcomes of active market trading. Some clients asked how market participants, stock exchanges, and regulatory institutions make this process organized and transparent. 18

(i) Explain the meaning and importance of financial markets.

(ii) Describe the structure and function of the primary and secondary markets.

(iii) Explain the role of market participants and stock exchanges in trading.

2. (a) Discuss the interrelationship between financial markets, financial institutions, and financial instruments within a financial system.

(b) Critically examine the concept of a financial system and discuss its key characteristics and components. 9+9=18

3. (a) Explain the IPO procedure in India in detail. Describe all the stages involved in the process, starting from the decision to go public to the final listing of shares.

(b) Describe the trading mechanism in the secondary (equity) market. Explain the market structure, trading sessions, participants, and various order types used in equity trading. 9+9=18

4. (a) Discuss the structure and functions of the Reserve Bank of India and evaluate its role as a regulator and supervisor.

(b) Define a commercial bank and explain its primary and secondary functions. Discuss how these functions help in the economic development of a country like India.

9+9=18

5. (a) India was first among the developing world to set up a credit rating agency, CRISIL Limited in 1988. Since then, the rating giants have diversified their service portfolio in order to survive and grow. Explain the 'Credit Rating' Methodology.