5. (a) Credit Rating agencies use different symbols that conveys different safety grade to the investor. Discuss the symbols and their respective significance. 9

(b) What are the key factors to consider when opting for a Hire Purchase Agreement for a vehicle. 9

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

(a) Instruments traded in the debt market

(b) Types of Leasing

(c) Merchant Banking

***

[This question paper contains 4 printed pages]

Your Roll No. : ....

Sl. No. of Q. Paper : **5609 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 **On**e is compulsory.

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

1. (a) A listed manufacturing company, Alpha Motors Ltd., wants to expand production capacity and enter two new regional markets. The management estimates that the project will require long-term funds of

500 crore. The finance team is considering issuing equity shares, debentures, or a mix of both. It also wants to understand whether the funds should be raised through the primary market or by using private placement. The board is concerned about dilution of ownership, cost of capital, investor response, and future trading of the securities in the secondary market. The company is also reviewing the role of SEBI in the issue process and how the capital market helps mobilize savings into investment. 18

(i) Explain the meaning and role of the capital market in this case.

(ii) Discuss the difference between the primary market and the secondary market.

(iii) Describe the importance of SEBI and the secondary market in capital formation.

2. (a) Give a brief description of the organization of the Indian financial systems. Explain the components of the Indian financial systems. 9

(b) Explain in detail the various financial sector reforms introduced in India since 1991. How has it brought financial stability in recent decades? 9

3. (a) Ketan Parekh's modus operandi involved routing trades through a network of front entities and nearly 40 satellite brokers to manipulate stock prices. Briefly explain this scam. 9

(b) Explain in detail the role and importance of intermediaries in the primary market. Discuss how they facilitate capital raising, ensure regulatory compliance, and protect investor interests. 9

4. (a) 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

(b) What do you understand by Non- Banking Financial Corporations (NBFCs)? How does RBI control the NBFC Companies? Explain their major activities. 9