SYLLABUS

Class: - B.B.A. II Year

Subject: - Financial Market & Services

UNIT – I	Financial system and its components. Financial markets and institutions financial intermediation flow of funds matrix financial system and economic development. An overview of Indian financial system
UNIT – II	Financial Markets: Money market: functions, organisation, and instruments. Role of central bank in money market; Indian money market - An overview. Capital Markets functions, organisation, and instruments. Indian debt market; Indian equity market - primary and secondary markets; Role of stock exchanges in India.
UNIT – III	Financial Institutions: Commercial banking introduction, its role in project finance and working capital finance; Development Financial institutions (DFIs) - An overview and role in Indian economy; Life and non-life insurance companies in India; Mutual Funds - Introduction and their role in capital market development. Non-banking financial companies (NBFCs).
UNIT – IV	Financial Services: Overview of financial services industry: Merchant banking pre and post issue management, underwriting. Regulatory - framework relating to merchant banking in India.
UNIT – V	Leasing and hire-purchase, Consumer, and housing finance; Venture capital finance; Factoring services, bank guarantees and letter of credit; Credit rating: Financial counselling.

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UNIT-I

A financial system is a set of institutions, such as banks, insurance companies, and stock exchanges, that permit the exchange of funds. Financial systems exist on firm, regional, and global levels. Borrowers, lenders, and investors exchange current funds to finance projects, either for consumption or productive investments, and to pursue a return on their financial assets. The financial system also includes sets of rules and practices that borrowers and lenders use to decide which projects get financed, who finances projects, and terms of financial deals

The financial system is a complex network of institutions, markets, and intermediaries that facilitate the flow of money and credit throughout the economy. The main components of the financial system include:

Financial Institutions: These are organizations that facilitate the flow of funds between lenders and borrowers. They include banks, credit unions, insurance companies, and investment companies.

Financial Markets: These are platforms where buyers and sellers come together to trade financial assets such as stocks, bonds, and currencies. Financial markets can be divided into money markets and capital markets.

Financial Intermediaries: These are entities that serve as intermediaries between borrowers and lenders. Examples include brokers, investment bankers, and financial advisors.

Payment Systems: These are systems that enable the transfer of funds between parties. Examples include wire transfers, credit card transactions, and automated clearinghouse (ACH) transfers.

Regulatory Agencies: These are government agencies that oversee and regulate the financial system. Examples include the Federal Reserve, the Securities and Exchange Commission (SEC), and the Federal Deposit Insurance Corporation (FDIC).

Financial markets and institutions are integral components of the financial system. Financial markets provide a platform for the buying and selling of financial assets, while financial institutions facilitate the flow of funds between investors and borrowers.

Financial Markets:

There are two types of financial markets: primary markets and secondary markets.

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Primary Markets: In primary markets, new securities are issued and sold for the first time. The issuer of the securities receives the proceeds from the sale of the securities. Examples of primary markets include initial public offerings (IPOs) and bond issuances.

Secondary Markets: In secondary markets, previously issued securities are bought and sold among investors. The proceeds from the sale of securities in secondary markets go to the investor selling the securities, not the issuer. Examples of secondary markets include stock exchanges, bond markets, and foreign exchange markets.

Financial Institutions:

Financial institutions are entities that facilitate the flow of funds between investors and borrowers. They include:

- **Banks: Banks are financial institutions that accept deposits from customers and lend money to borrowers. They also provide other financial services such as credit cards, mortgages, and wealth management.**
- **Credit Unions: Credit unions are similar to banks, but are owned and controlled by their members. They provide similar financial services to banks.**
- **Insurance Companies: Insurance companies provide protection against financial loss in the event of an unexpected event such as illness, accident, or death.**
- **Investment Companies: Investment companies pool money from investors to invest in securities such as stocks, bonds, and real estate.**
- **Brokerage Firms: Brokerage firms facilitate the buying and selling of securities on behalf of investors.**

These institutions play a critical role in the functioning of the financial system by providing liquidity, risk management, and financial intermediation services.

The flow of fund matrix is a tool used in finance and economics to analyze the flow of funds between sectors of the economy. The matrix provides a visual representation of the flow of funds from one sector to another, and can help to identify areas where investment or disinvestment is occurring.

The flow of fund matrix is typically represented as a table, with each row and column representing a different sector of the economy. The cells in the table represent the flow of

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funds between each sector, and can be positive or negative depending on whether funds are flowing into or out of the sector.

For example, a flow of funds matrix might include sectors such as households, businesses, financial institutions, and the government. The table would show the flow of funds between these sectors, such as the amount of money households are saving, the amount of money businesses are investing, the amount of money financial institutions are lending, and the amount of money the government is spending.

By analyzing the flow of funds matrix, economists and policymakers can identify areas where investment or disinvestment is occurring, and can make decisions about how to allocate resources to promote economic growth and stability. The flow of funds matrix is a valuable tool for understanding the complex relationships between different sectors of the economy, and can help to inform economic policy decisions

Financial system and economic development

The financial system plays a critical role in economic development by facilitating the flow of funds between savers and borrowers, and by providing a framework for investment, risk management, and economic growth. A well-functioning financial system can promote economic development in several ways:

- Mobilizing Savings: The financial system enables individuals and businesses to save and invest their money. By providing a platform for saving and investing, the financial system can mobilize savings and channel them into productive investments that can fuel economic growth.
- Allocating Capital: The financial system also facilitates the allocation of capital to where it is needed most. By providing a mechanism for investors to allocate their capital to the most promising investment opportunities, the financial system can ensure that capital is allocated efficiently and productively.
- Providing Credit: The financial system provides credit to businesses and individuals who need it. By providing access to credit, the financial system can enable businesses to invest in new projects and expand their operations, which can fuel economic growth.
- Managing Risk: The financial system also provides a framework for managing risk. By providing insurance, hedging, and other risk management tools, the financial system

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can help businesses and individuals to mitigate the risks associated with economic activity.

- **Facilitating Trade:** The financial system enables the exchange of goods and services across borders. By providing a mechanism for foreign exchange transactions, the financial system can facilitate international trade and promote economic development.

An overview of Indian financial system

The Indian financial system is a complex network of institutions, markets, and regulations that play a critical role in the country's economy. The financial system in India is comprised of a variety of institutions and markets, including banks, non-banking financial companies, capital markets, insurance companies, and the Reserve Bank of India (RBI).

Banking System: The banking system in India is composed of commercial banks, regional rural banks, and cooperative banks. The Reserve Bank of India (RBI) is the central bank of India and regulates the banking system. The banking system plays a critical role in providing credit and other financial services to individuals and businesses.

Non-Banking Financial Companies (NBFCs): NBFCs are financial institutions that provide a range of financial services, including loans, leasing, and hire purchase financing. NBFCs are regulated by the Reserve Bank of India (RBI) and play an important role in providing credit to individuals and businesses.

Capital Markets: The capital markets in India include the Bombay Stock Exchange (BSE) and the National Stock Exchange (NSE). These markets provide a platform for the buying and selling of equities, bonds, and other securities. The Securities and Exchange Board of India (SEBI) regulates the capital markets.

Insurance Sector: The insurance sector in India is regulated by the Insurance Regulatory and Development Authority (IRDA) and provides a range of insurance products, including life insurance, health insurance, and property insurance.

Reserve Bank of India (RBI): The Reserve Bank of India (RBI) is the central bank of India and is responsible for regulating the financial system in the country. The RBI is responsible for setting monetary policy, regulating the banking system, and managing foreign exchange reserves.

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Unit-2
Financial markets

Financial markets are platforms where individuals, institutions, and governments trade financial assets such as stocks, bonds, currencies, commodities, and derivatives. These markets are used to buy and sell financial securities or instruments, to transfer funds from savers to borrowers, and to determine the prices of these assets based on supply and demand.

There are several types of financial markets, including stock markets, bond markets, currency markets, commodities markets, and derivatives markets. Stock markets, for example, are markets where shares of publicly traded companies are bought and sold. Bond markets, on the other hand, are markets where bonds, which are debt securities issued by corporations or governments, are bought and sold.

Financial markets play a critical role in the economy by facilitating the allocation of capital to productive activities, such as investment in new businesses or infrastructure projects. The efficiency and integrity of financial markets are critical to the functioning of the global economy, and they are subject to extensive regulation and oversight to ensure fairness and stability.

Money market functions

The money market is a financial market where short-term debt securities are traded among financial institutions and corporations. The main function of the money market is to provide a platform for the borrowing and lending of funds for short periods of time, usually less than one year.

Here are some of the primary functions of the money market:

Facilitates Short-Term Borrowing and Lending: The money market provides a platform for financial institutions and corporations to borrow and lend funds for short periods of time, usually ranging from one day to one year. Short-term borrowing and lending can help meet short-term funding needs, manage cash flows, and finance working capital.

Provides Liquidity: The money market provides a source of liquidity for investors and borrowers. Participants in the money market can easily buy or sell securities, providing quick access to cash when needed.

Determines Short-Term Interest Rates: The money market is an important determinant of short-term interest rates, which can have a significant impact on the economy. Changes in short-term

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interest rates can influence consumer spending, business investment, and inflation.

Manages Risk: The money market can help manage risks associated with short-term borrowing and lending. Financial institutions and corporations can use the money market to manage interest rate risk, liquidity risk, and credit risk.

Provides a Source of Financing for Government and Corporations: Governments and corporations can use the money market to raise short-term funds to finance their operations. This can include issuing Treasury bills, commercial paper, and other short-term debt securities.

The Indian money market is a part of the larger financial system in India and consists of various financial institutions, such as the Reserve Bank of India (RBI), commercial banks, co-operative banks, and other financial intermediaries. The money market in India plays a crucial role in regulating the country's monetary policy and provides a platform for short-term borrowing and lending.

overview of the Indian money market:

Organized and Unorganized Segments: The Indian money market has two segments - organized and unorganized. The organized segment consists of the RBI, commercial banks, co-operative banks, and other financial institutions. The unorganized segment comprises indigenous bankers, moneylenders, and non-bank financial companies (NBFCs).

Instruments: The Indian money market offers various instruments for short-term borrowing and lending, such as call money, treasury bills, commercial papers, certificates of deposit, and repo agreements. Call money is an overnight borrowing and lending instrument that is mostly used by banks to meet their daily cash requirements. Treasury bills are short-term government securities with a maturity period of less than one year.

Regulation: The RBI is responsible for regulating and supervising the Indian money market. The RBI uses various monetary policy tools, such as open market operations, to manage the liquidity in the market.

Participants: The Indian money market has several participants, such as commercial banks, co-operative banks, NBFCs, mutual funds, insurance companies, and pension funds. These participants engage in short-term borrowing and lending, and the market provides a platform for them to manage their cash flows and liquidity.

Importance: The Indian money market plays a crucial role in the country's financial system by providing short-term funding to businesses, government, and financial institutions. The market

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also helps in the transmission of monetary policy, and the interest rates in the money market have a significant impact on the broader economy.

Capital market

The capital market is a financial market where long-term securities such as stocks, bonds, and other financial instruments are traded among investors and issuers. The primary function of the capital market is to facilitate the flow of long-term funds from investors to companies and governments.

Here are some of the primary functions of the capital market:

Facilitates Long-Term Investment: The capital market provides a platform for companies and governments to raise long-term capital through the issuance of stocks, bonds, and other long-term securities. This enables companies to finance their long-term growth plans and helps governments to fund their infrastructure and social programs.

Provides Liquidity: The capital market provides liquidity to investors, allowing them to buy and sell securities quickly and easily. This makes it easier for investors to manage their investment portfolios and exit investments when needed.

Determines Long-Term Interest Rates: The capital market is a critical determinant of long-term interest rates. Changes in long-term interest rates can have significant impacts on investment, borrowing, and inflation.

Helps in Wealth Creation: The capital market can help create wealth for investors by enabling them to participate in the growth of companies and governments. Investors can benefit from the capital appreciation of stocks and the interest income from bonds, resulting in wealth creation.

Facilitates Risk Management: The capital market provides tools to manage risks associated with long-term investing. Investors can use various investment strategies to manage their portfolio risk and mitigate the impact of market volatility.

Facilitates Efficient Allocation of Capital: The capital market helps in the efficient allocation of capital to productive activities. Companies and governments with strong business models and growth prospects can access long-term capital, while investors can earn returns on their investments.

Role of stock exchange in India

Stock exchanges play a crucial role in the Indian financial system by providing a platform for buying and selling securities, such as stocks, bonds, and derivatives. In India, there are two primary stock

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exchanges - the National Stock Exchange (NSE) and the Bombay Stock Exchange (BSE). Here are some of the primary roles and functions of stock exchanges in India:

Facilitating Trading of Securities: The primary function of stock exchanges is to provide a platform for buying and selling securities. Companies can issue securities such as shares and bonds to raise funds, and investors can buy and sell these securities on the stock exchange.

Price Discovery: Stock exchanges facilitate price discovery by providing a platform for buyers and sellers to transact based on market forces of supply and demand. This helps in determining the fair value of securities, which is crucial for investors in making investment decisions.

Enhancing Liquidity: Stock exchanges provide liquidity to investors by making it easier for them to buy and sell securities. This helps in reducing the risk associated with investing in securities and provides an exit option to investors who want to sell their investments.

Providing a Transparent and Regulated Market: Stock exchanges operate in a regulated environment and follow strict rules and regulations. This helps in creating a transparent market where investors can be assured of fair trading practices.

Supporting Capital Formation: Stock exchanges help in supporting capital formation by providing companies with a platform to raise funds through the issuance of securities. This helps in financing long-term growth plans and supporting the economy.

Supporting Economic Development: The stock exchange plays a crucial role in the overall economic development of the country. A well-functioning stock exchange helps in mobilizing savings, promoting investments, and facilitating the growth of the financial system.

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Unit-3

Financial institutions are organizations that provide financial services to individuals, businesses, and other entities. These institutions may include banks, credit unions, insurance companies, investment firms, and other financial service providers.

The primary role of financial institutions is to manage and transfer financial assets, such as money, investments, and loans, among other things. They provide a range of services, including deposit accounts, loans, mortgages, investment opportunities, insurance products, and financial planning advice.

Banks are the most well-known type of financial institution, and they offer a variety of services such as checking and savings accounts, loans, mortgages, and credit cards. Credit unions are another type of financial institution that provides similar services, but they are typically non-profit and are owned and operated by their members.

Insurance companies offer various types of insurance products, such as life, health, and property insurance. Investment firms, such as mutual fund companies, brokerage firms, and wealth management firms, help clients invest their money in various financial markets.

Commercial banking-

Commercial banking is a type of banking that provides financial services to businesses and corporations, including lending, deposit accounts, and other financial products and services. The primary focus of commercial banks is to earn profits by offering loans and other services to businesses while managing their risk exposure.

Commercial banks play a crucial role in project finance and working capital finance by providing the necessary funding to support these activities. Project finance involves the financing of large-scale infrastructure projects such as power plants, highways, and airports. These projects often require substantial upfront investment and long-term financing, and commercial banks can provide the necessary funding in the form of loans, bonds, or other financial instruments.

Commercial banks also provide working capital finance to businesses to support their day-to-day operations. Working capital finance includes short-term loans, lines of credit, and other financial products that help businesses manage their cash flow and fund their operations. This type of financing is essential for businesses to maintain their operations, pay their bills, and meet their payroll obligations.

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In project finance, commercial banks play a critical role in assessing the feasibility and risks of the project, structuring the financing, and providing the necessary funding. They work closely with the project sponsor to ensure that the project is properly financed and that the risks are adequately mitigated. They also provide ongoing monitoring of the project to ensure that it is performing as expected and that the loan is being repaid.

Similarly, in working capital finance, commercial banks assess the creditworthiness of the borrower, evaluate the cash flow and collateral, and structure the financing to meet the borrower's needs. They provide ongoing monitoring of the loan to ensure that the borrower is using the funds as intended and that the loan is being repaid according to the agreed terms.

Overall, commercial banks play a critical role in project finance and working capital finance by providing the necessary funding and financial expertise to support businesses' operations and growth.

Development financial institutions (DFIs)

Development financial institutions (DFIs) are specialized financial institutions that provide long-term finance for various developmental activities in a country. These institutions are created by governments or multilateral development agencies with the aim of promoting economic growth, reducing poverty, and improving social welfare.

DFIs play a critical role in financing projects that are often too risky or too long-term for commercial banks to fund. They provide a range of financial products such as loans, equity, guarantees, and technical assistance to support various sectors of the economy, including infrastructure, agriculture, small and medium-sized enterprises (SMEs), and renewable energy.

DFIs are also known for their developmental focus and are often guided by specific mandates and objectives, such as promoting gender equality, environmental sustainability, or social inclusion. They work closely with governments, private sector entities, and other development partners to achieve their objectives and ensure that the benefits of their investments are widely distributed.

Some examples of DFIs include the International Finance Corporation (IFC), the European Investment Bank (EIB), the African Development Bank (AfDB), and the Asian Development Bank (ADB). These institutions have played a significant role in financing development projects around the world and have contributed to improving the lives of millions of people.

Life and non life insurance in india

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In India, insurance is regulated by the Insurance Regulatory and Development Authority of India (IRDAI). The IRDAI has authorized various insurance companies to offer life and non-life insurance products to customers in India.

Life insurance is a contract between the policyholder and the insurance company, where the policyholder pays regular premiums in exchange for a sum of money to be paid to the designated beneficiaries in the event of the policyholder's death. Life insurance policies also offer various benefits such as tax savings, investment opportunities, and retirement planning. Some popular life insurance products in India include term insurance, endowment plans, and unit-linked insurance plans (ULIPs).

On the other hand, non-life insurance, also known as general insurance, provides coverage for losses and damages other than those covered by life insurance. Non-life insurance products in India include health insurance, motor insurance, travel insurance, home insurance, and commercial insurance. Non-life insurance policies provide protection against unforeseen events such as accidents, natural calamities, theft, and other contingencies.

It is important to note that while life insurance policies are long-term contracts, non-life insurance policies typically have a shorter term and provide coverage for a specific period. Additionally, non-life insurance policies usually do not offer any investment benefits.

In India, it is mandatory to have motor insurance and health insurance as per law. However, it is highly recommended to have other types of insurance as well to protect oneself against financial losses due to unexpected events.

Life insurance is a type of insurance that provides financial protection to the insured's family or beneficiaries in the event of the insured's death. In India, life insurance is a highly popular form of insurance and is considered an important investment tool for individuals.

There are two types of life insurance policies in India:

Term Insurance: This type of policy provides coverage for a specific period, typically ranging from 5 to 30 years. The policy pays out the sum assured to the beneficiaries if the policyholder passes away during the policy term.

Endowment Insurance: This type of policy offers both life cover and savings. It provides a lump sum payment to the beneficiaries in case of the policyholder's death during the policy term, and also offers a maturity benefit if the policyholder survives the policy term.

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In India, the life insurance market is dominated by two government-owned companies, namely Life Insurance Corporation of India (LIC) and General Insurance Corporation of India (GIC). There are also several private sector insurance companies that offer a range of life insurance products.

The life insurance sector in India is regulated by the Insurance Regulatory and Development Authority (IRDA), which sets guidelines and regulations to ensure fair practices and protect the interests of policyholders.

Non-life insurance, also known as general insurance, in India covers a wide range of insurance policies that provide protection against various risks such as accidents, illnesses, theft, fire, natural calamities, and other unforeseen events.

In India, the non-life insurance sector is regulated by the Insurance Regulatory and Development Authority of India (IRDAI). The IRDAI regulates and supervises the functioning of insurance companies and ensures that they comply with the regulations and guidelines.

There are several types of non-life insurance policies available in India, including:

Health insurance: Provides coverage for medical expenses and hospitalization due to illness or injury.

Motor insurance: Covers damage or loss to vehicles caused by accidents, theft, fire, or natural disasters.

Home insurance: Protects against damage or loss to property caused by fire, theft, natural disasters, and other unforeseen events.

Travel insurance: Provides coverage for unexpected events such as flight cancellations, medical emergencies, and loss of baggage.

Marine insurance: Provides coverage for cargo, ships, and other vessels against risks such as piracy, natural disasters, and collisions.

Commercial insurance: Covers businesses against losses due to damage or loss of property, liability claims, and other business-related risks.

Mutual funds and their role in capital market development

Mutual funds play an important role in the development of the capital markets by providing a means for individual investors to participate in the financial markets without having to invest directly in individual securities. Here are some of the ways in which mutual funds contribute to the development of capital markets:

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Pooling of Funds: Mutual funds allow individual investors to pool their money together to create a larger investment fund. This pooling of funds allows for economies of scale that make it possible to invest in a wider variety of securities than would be possible for an individual investor.

Diversification: Mutual funds also offer investors the benefit of diversification. By investing in a mutual fund, investors gain exposure to a wide range of securities, which helps to reduce their overall investment risk.

Professional Management: Mutual funds are managed by professional investment managers who have access to information and resources that may not be available to individual investors. This professional management can help to increase returns and manage risk.

Increased Liquidity: Mutual funds are traded on stock exchanges, which makes them more liquid than individual securities. This increased liquidity makes it easier for investors to buy and sell mutual fund shares, which in turn helps to increase market efficiency.

Education: Mutual funds provide a means for individual investors to learn about financial markets and investing. This education can help to increase financial literacy and contribute to the development of the overall capital markets.

Non banking financial companies (NBFCs)

Non-banking financial companies (NBFCs) are financial institutions that provide banking and financial services, such as loans and investments, but do not have a banking license. In other words, they operate like banks, but they cannot accept deposits from the public.

NBFCs are regulated by the Reserve Bank of India (RBI) in India, and by other financial regulators in other countries. They play a crucial role in providing credit to people who do not have access to traditional banking services, especially in rural and remote areas.

NBFCs offer a range of financial products and services such as personal loans, business loans, consumer loans, equipment leasing, hire purchase, insurance, and investment products. They are often more flexible than banks in terms of their lending criteria and are able to cater to the needs of different types of borrowers.

NBFCs have become an important part of the financial sector in many countries, including India, where they have been instrumental in expanding financial inclusion and providing access to credit to underserved segments of the population

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Unit-4

The financial services industry encompasses a broad range of businesses that offer various financial products and services to individuals, corporations, and other entities. The industry includes banks, investment firms, insurance companies, asset management companies, and other financial institutions.

Merchant banking is a type of financial service that involves providing financial advice and investment services to corporations and other entities. Merchant banks typically specialize in helping companies with mergers and acquisitions, underwriting securities offerings, and providing advice on corporate finance and capital raising.

Merchant banks differ from traditional commercial banks in that they do not take deposits from customers and offer retail banking services. Instead, they typically work with larger corporations and institutions that require specialized financial services.

Some of the services that merchant banks may offer include:

Corporate finance and advisory services: Merchant banks can provide advice on mergers and acquisitions, capital raising, and other corporate finance matters.

Underwriting: Merchant banks can underwrite securities offerings, such as stocks and bonds, for corporations.

Asset management: Some merchant banks also offer asset management services, such as managing investment portfolios for clients.

Structured finance: Merchant banks can assist in structuring complex financial transactions, such as securitization and project finance.

Pre-issue management and post-issue management are important aspects of the underwriting process in securities offerings. Underwriting refers to the process of raising capital by issuing securities such as stocks, bonds, or other financial instruments. The underwriter is the party responsible for managing the issuance of securities and ensuring that the offering meets legal and regulatory requirements.

Pre-issue management involves preparing for the securities offering before it is made available to the public. This includes evaluating the issuer's financial position, conducting due diligence on the company, analyzing market conditions and investor demand, and setting the terms of the offering. The underwriter also helps the issuer determine the type of security to be issued, the offering price,

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and the size of the offering.

Post-issue management involves managing the securities offering after it has been made available to the public. This includes ensuring that the securities are priced appropriately and that the underwriter fulfills its obligations to sell the securities to investors. The underwriter may also need to support the issuer in marketing the securities, especially if the offering is not fully subscribed. Additionally, the underwriter is responsible for managing any issues that arise after the securities are issued, such as disputes between investors or legal challenges.

Underwriting is an essential component of the securities market, as it helps to ensure that investors have access to accurate and reliable information about the securities they are purchasing. Pre-issue and post-issue management are critical aspects of the underwriting process, as they help to ensure that securities offerings are made in a responsible and transparent manner.

Regulatory framework relating to merchant banking in india

In India, merchant banking activities are regulated by the Securities and Exchange Board of India (SEBI). The SEBI (Merchant Bankers) Regulations, 1992 govern the registration and functioning of merchant bankers in India.

Some of the key provisions of the SEBI (Merchant Bankers) Regulations, 1992 are as follows:

Registration: Merchant bankers are required to obtain registration from SEBI to carry out merchant banking activities.

Capital adequacy: Merchant bankers are required to maintain a minimum net worth of Rs. 5 crore.

Code of conduct: Merchant bankers are required to adhere to a code of conduct prescribed by SEBI, which includes guidelines on professional conduct, conflict of interest, disclosure of information, and maintenance of records.

Disclosure requirements: Merchant bankers are required to make disclosures regarding their fees, commissions, and any other charges to their clients.

Due diligence: Merchant bankers are required to conduct due diligence on the issuer and the issue, and ensure that all material information is disclosed to investors.

Compliance: Merchant bankers are required to comply with all applicable laws, regulations, and guidelines.

Reporting: Merchant bankers are required to submit periodic reports to SEBI on their activities.

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Unit-5

Leasing is a contractual agreement between two parties where one party, the lessor, allows another party, the lessee, to use an asset for a specified period of time in exchange for periodic payments. The asset can be anything from real estate to equipment or vehicles.

Leasing is a common practice in business and personal finance. It is often used as an alternative to purchasing an asset outright, as it allows the lessee to use the asset without having to make a large upfront payment.

The terms of a lease agreement typically include the duration of the lease, the payment amount, any penalties for early termination, and the condition in which the asset must be returned. At the end of the lease, the lessee can often choose to renew the lease, purchase the asset, or return it to the lessor.

There are many advantages to leasing, including lower upfront costs, predictable payments, and the ability to upgrade to newer assets more frequently. However, leasing can also be more expensive in the long run, and the lessee does not own the asset at the end of the lease.

Hire purchase is a type of financing arrangement that allows a buyer to purchase an asset, such as a vehicle or equipment, through installment payments. The buyer, also known as the hirer, makes regular payments over a fixed period of time until the total cost of the asset, plus interest and any fees, is paid off. Once all payments are made, the hirer becomes the owner of the asset.

Hire purchase agreements typically involve a down payment or deposit, followed by a series of monthly payments. The length of the agreement can vary depending on the value of the asset and the amount of the payments. At the end of the agreement, the hirer will have the option to purchase the asset outright for a nominal fee or return the asset to the owner.

One of the advantages of hire purchase is that it allows buyers to acquire an asset without having to pay for it upfront. This can be particularly useful for individuals or businesses that need to make a large purchase but do not have the necessary funds available. Additionally, hire purchase agreements often have fixed interest rates, making it easier to budget and plan for payments.

Consumer and housing Finance venture capital finance

Consumer and housing finance and venture capital finance are two distinct types of financing that serve different purposes.

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Consumer and housing finance typically refers to the financial products and services that are designed to help individuals and families purchase and maintain homes, as well as manage their personal finances. Examples of consumer and housing finance products include mortgages, home equity loans, personal loans, credit cards, and checking and savings accounts. These products are typically provided by banks, credit unions, and other financial institutions, and are regulated by government agencies such as the Consumer Financial Protection Bureau (CFPB).

Venture capital finance, on the other hand, refers to the financing provided to early-stage and high-growth companies by venture capital firms. Venture capital firms typically invest in companies that have a high potential for growth and a disruptive business model. These investments are typically made in exchange for equity in the company, and the goal is to generate a significant return on investment when the company goes public or is acquired by another company. Venture capital finance is a high-risk, high-reward form of financing, and is typically only available to companies with a strong track record of innovation and growth potential.

While consumer and housing finance and venture capital finance are different types of financing, they are both important components of the overall financial ecosystem. Consumer and housing finance helps individuals and families manage their personal finances and achieve their homeownership goals, while venture capital finance helps fuel innovation and growth in the economy by providing funding to promising young companies.

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