

Audio/Video
Problem?



Edu Doubt?
Ask through



3 qs data
entry error.

| | | |
|------|--|---|
| #230 | | Shubham Kumar 58.82 marks • 28m : 5s |
| #231 | | Deepak 58.8 marks • 38m : 52s |
| #232 | | Amartya Sagar 58.78 marks • 1h : 14m : 18s |
| #233 | | Kana 58.14 marks • 34m : 59s |
| #234 | | Divyanshu Dubey 58.04 marks • 24m : 55s |
| #235 | | AMIR NAZIR 57.48 marks • 28m : 48s |

| | | |
|------|--|--|
| #236 | | Prasad P 57.48 marks • 31m : 57s |
| #237 | | Krishna Bishnoi 57.48 marks • 1h : 4m : 17s |
| #238 | | Ankita Sharma 57.46 marks • 29m : 57s |
| #239 | | Jyoti Mishra 57.46 marks • 42m : 12s |
| #240 | | Rajkiran T 57.46 marks • 34m : 21s |
| #241 | | Madhuri Mishra 56.74 marks • 37m : 9s |
| #242 | | Pratiksha Priyadarshini 56.16 marks • 41m : 37s |
| #243 | | Kundan Rawat 56.14 marks • 46m : 34s |
| #244 | | Apurva Kumar 56.12 marks • 34m : 27s |
| #245 | | Bishnu 56.12 marks • 54m : 55s |
| #246 | | Neha Mishra 56.1 marks • 27m : 15s |
| #247 | | ABHINAYA EV 55.46 marks • 1h : 14m : 57s |

If <55/120 then revise more

Q12

Find **incorrect** statement about NBFCs in India: (भारत में गैर-बैंकिंग वित्तीय कंपनीयों के बारे में **असत्य** कथन ज्ञात करें)

They cannot engage in the acquisition of securities issued by the government.(ये सरकार द्वारा जारी प्रतिभूतियों के अधिग्रहण में संलग्न नहीं हो सकती)

CORRECT ANSWER



They cannot accept demand deposits like savings accounts. (ये बचत खातों की तरह डिमांड डिपॉजिट स्वीकार नहीं कर सकती)



Both A and B (A और B दोनों)

Neither A nor B (न तो A और न ही B)

Primary dealers, MF walla do it.
So #1 is wrong

And we've to find wrong statement

NBFC can accept
Time deposit = yes
Demand deposit = no
So #2 Is right.

Q37

Question 37
YOU DIDN'T ATTEMPT

Your Time Taken: 0s

Avg Time Taken By Others: 33s

Attempt Accuracy: 4%

Find correct Statement(s) about NBFCs in India (भारत में NBFCs के बारे में सही कथन छाँटिए)

They cannot engage in the acquisition of securities issued by the government. (ये सरकार द्वारा जारी प्रतिभूतियों के अधिग्रहण में संलग्न नहीं हो सकती)

CORRECT ANSWER



They cannot accept demand deposits like savings accounts. (ये बचत खातों की तरह डिमांड डिपॉजिट स्वीकार नहीं कर सकती)



Both A and B (A और B दोनों)

Neither A nor B (न तो A और न ही B)

DATA Entry is wrong. IGNORE IT.

#1 is wrong. #2 is right

Q47 Data entry error



As per the Regulatory Guidelines of the Reserve Bank of India (RBI), how many of the following banks give issue credit cards to its customers? [भारतीय रिजर्व बैंक (RBI) के नियामक दिशानिर्देशों के अनुसार, निम्नलिखित में से कितने बैंक अपने ग्राहकों को क्रेडिट कार्ड जारी करते हैं?]

1. Small Finance Banks/लघु वित्त बैंक
2. Payments Banks/भुगतान बैंक
3. Regional Rural Banks/क्षेत्रीय ग्रामीण बैंक
4. Foreign Banks with branches in India/भारत में शाखाओं वाले विदेशी बैंक

Select the correct answer using the code given below: [नीचे दिए गए कूट का प्रयोग कर सही उत्तर चुनिए:]

Only one [केवल एक]
CORRECT ANSWER



Only two [केवल दो]

Only three [केवल तीन]

All four [सभी चार]

Who can issue credit card= ONLY 3 of them. Ans C:

1. Small Finance Banks/लघु वित्त बैंक = YES
2. Payments Banks/भुगतान बैंक = NO
3. Regional Rural Banks/क्षेत्रीय ग्रामीण बैंक = YES
4. Foreign Banks with branches in India/भारत में शाखाओं वाले विदेशी बैंक = YES

Q60



Q: 2nd statement Poorly framed by the content writer.

IGNORE THIS question.

Which of the following statement(s) are correct about the Financial Services Institutions Bureau? [निम्नलिखित में से कौन सा कथन वित्तीय सेवा संस्थान ब्यूरो के बारे में सही है?]

1. It was set up in 2022. [इसकी स्थापना 2022 में हुई थी।]
2. It will appoint full-time directors and non-executive chairmen of state-run financial services institutions. [यह राज्य द्वारा संचालित वित्तीय सेवा संस्थानों के पूर्णकालिक निदेशकों और गैर-कार्यकारी अध्यक्षों की नियुक्ति करेगा।]

Which of the statements given above is/are correct? [ऊपर दिए गए कथनों में से कौन सा/से सही है/हैं?]

1 only [केवल 1]

2 only [केवल 2]

CORRECT ANSWER

Both 1 and 2 [1 और 2 दोनों]

Neither 1 nor 2 [न तो 1 और न ही 2]

Replace Statement#2 as : FSIB will recommend candidates for top posts in public sector banks, public sector insurance companies and other public sector financial institutions.

Then Answer should be C: Both 1 and 2 right.

About the governance of public sector banking in India, Find Correct Statement(s):

1. Capital infusion into public sector banks by the Government of India has steadily increased in the last decade. सरकार ने पिछले एक दशक में सतत रूप से सरकारी बैंकों में पूँजी बढ़ाई है
2. To put the public sector banks in order, the merger of associate banks with the parent State Bank of India has been affected. सरकारी बैंकों को ठीक करने के लिए विलीनीकरण किया गया

Answer Codes:

- (a) 1 only (b) 2 only
(c) Both 1 and 2 (d) Neither 1 nor 2



सरकारी बैंकों के प्रशासन के बारे में सही वाक्य ढूँढिए

100% Surety

50:50

E) Skip

P
Atte

About the governance of public sector banking in India, Find Correct Statement(s):(Asked in UPSC-Pre-2018)

1. Capital infusion into public sector banks by the Government of India has steadily increased in the last decade.
2. To put the public sector banks in order, the merger of associate banks with the parent State Bank of India has been affected.

Answer Codes:

- (a) ~~1 only~~ (b) ~~2 only~~
(c) Both 1 and 2 (d) ~~Neither 1 nor 2~~

100% Surety

50:50

‘order’ word= in context of efficiency, governance, profitability...
विलीनीकरण हुआ था
कि कार्य दक्षता बढ़े ref: last week lectures in 1b1
Boils down to whether #1 is right or wrong?

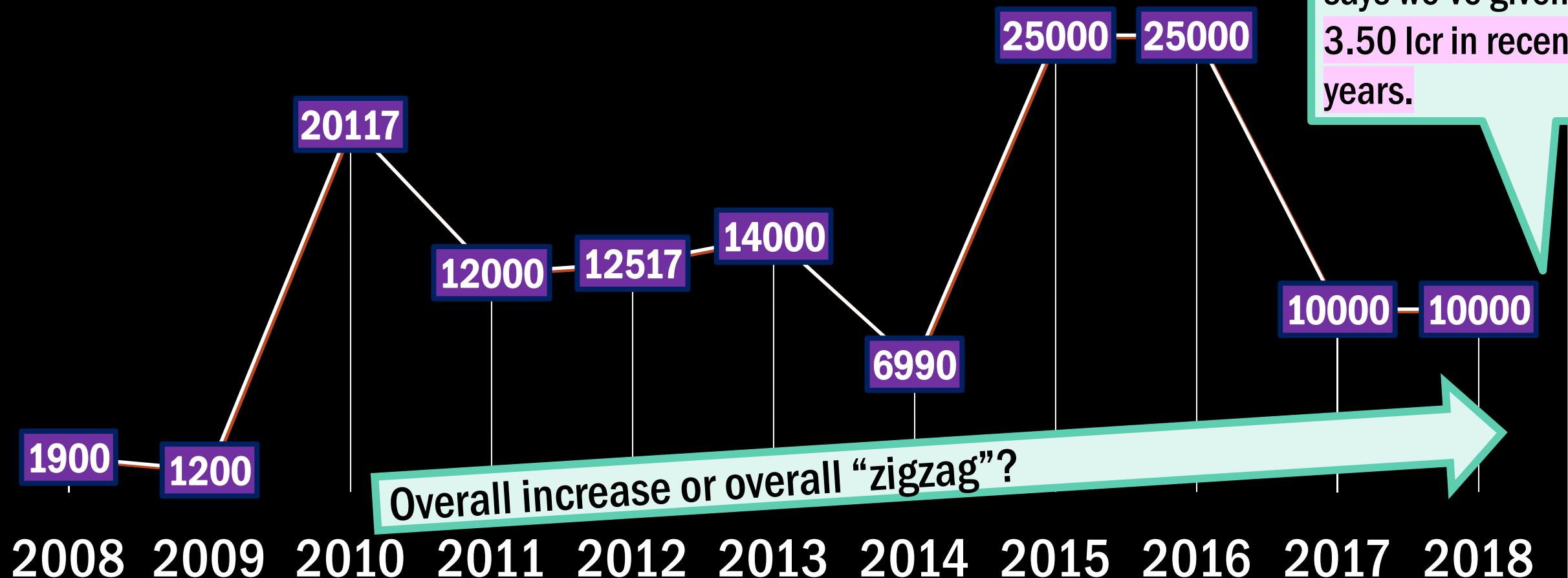


Capital infusion into PSB by the Government of India has steadily increased: yes / No?

क्या पिछले एक दशक में सतत रूप से भारत सरकार ने सरकारी बैंकों में पूँजीकरण को बढ़ाया है

Ref: CAG Report

CAPIAL INFUSION IN ₹ CR.



Afterwards
Budget-2020
says we've given
3.50 lcr in recent
years.

Q81 in SetD: Asked in UPSC-Pre-2018

About the governance of public sector banking in India, Find Correct Statement(s):(Asked in UPSC-Pre-2018)

1. Capital infusion into public sector banks by the Government of India has steadily increased in the last decade.
2. To put the public sector banks in order, the merger of associate banks with the parent State Bank of India has been affected.

Answer Codes:

(a) 1 only

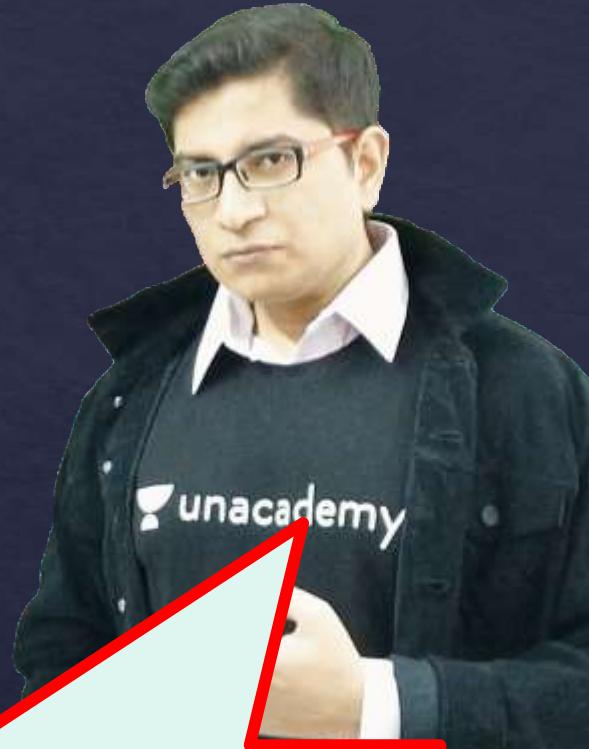
(b) 2 only

(c) Both 1 and 2

(d) Neither 1 nor 2

100% Surety

50:50



- 😢 🤔 Tough question. you are not expected to read CAG reports.
- Official answer Is B:
- So literal meaning of 'steady increase'. Zigzag not applicable.

Moral outrage: hairsplittery over words.

- #2: To put the public sector banks in order, the merger of associate banks with the parent State Bank of India has been affected.
- But that'll affect only SBI's efficiency. HOW can U say “all PSBs”.
- And apart from that Dena/Vijaya also merged. BMB is not mentioned. मैं सुप्रीम कोर्ट में पीआईएल दायर करना चाहता हूँ

| | | | | | | | | | | |
|--------------------------------|------------|-----------------------|---------|---|----|---|----|---|----|---|
| Examination: | CS(P)-2018 | | | | | | | | | |
| Series:D | | Subject | PAPER-I | | | | | | | |
| Max. marks | 200 | No. of Items dropped: | 00 | | | | | | | |
| Items to be taken for scoring: | 100 | | | | | | | | | |
| | | | | | | | | | | |
| A | 16 | B | 31 | B | 46 | D | 61 | A | 76 | B |
| D | 17 | D | 32 | C | 47 | A | 62 | C | 77 | C |
| B | 18 | C | 33 | C | 48 | C | 63 | D | 78 | B |
| B | 19 | B | 34 | C | 49 | A | 64 | A | 79 | A |
| A | 20 | A | 35 | D | 50 | B | 65 | B | 80 | A |
| B | 21 | C | 36 | C | 51 | B | 66 | B | 81 | B |
| D | 22 | A | 37 | C | 52 | B | 67 | B | 82 | C |
| D | 23 | D | 38 | B | 53 | B | 68 | A | 83 | A |
| C | 24 | C | 39 | A | 54 | D | 69 | B | 84 | D |
| D | 25 | A | 40 | D | 55 | A | 70 | B | 85 | B |
| B | 26 | C | 41 | C | 56 | B | 71 | D | 86 | C |
| D | 27 | D | 42 | C | 57 | D | 72 | D | 87 | A |
| B | 28 | A | 43 | C | 58 | C | 73 | A | 88 | A |
| C | 29 | D | 44 | C | 59 | B | 74 | A | 89 | C |
| C | 30 | C | 45 | D | 60 | C | 75 | A | 90 | B |



 इधर सुप्रीम कोर्ट में जनहित याचिका (PIL) की जिरह नहीं।
चल रही है सामान्य समाज के हिसाब से परीक्षक ने पूछा है
UPSC examiner asked in general sense/ basic
understanding. you are engaging in LLB-
hairsplittery. SetDQ81 official answerkey is “B”



2022- BBB MCQ- easy solve by elimination that RBI governor is not Chairman of BBB

AB
CD

MCQ. Find Correct about ‘Banks Board Bureau (BBB)’ (Prelims-2022)

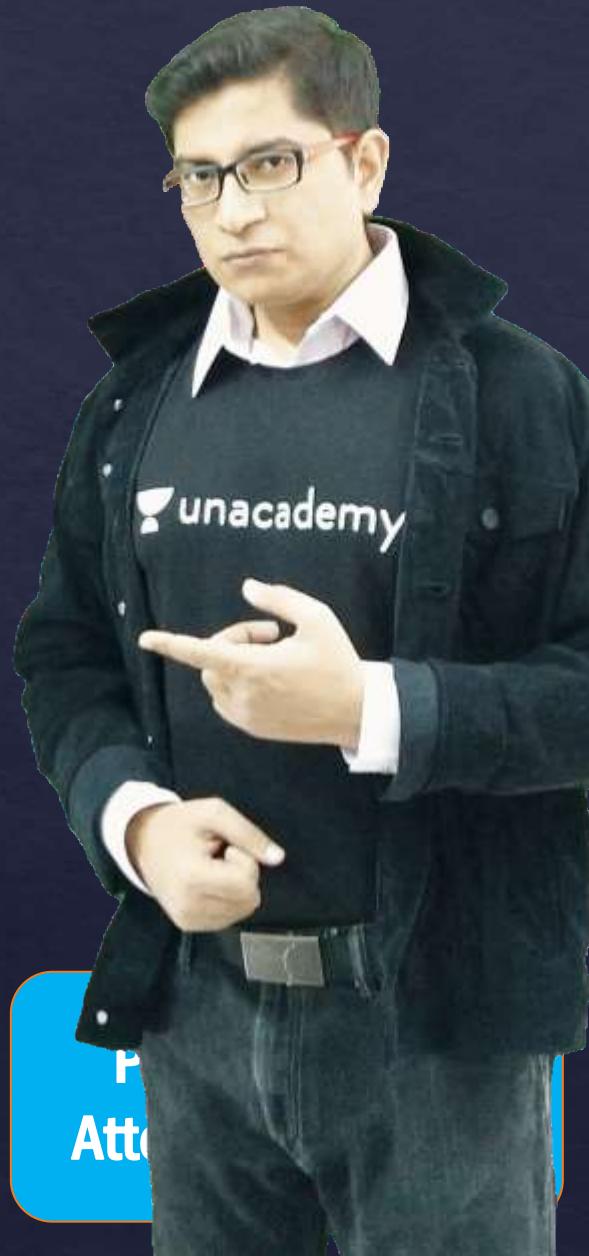
1. The Governor of RBI is the Chairman of BBB.
 2. BBB recommends for the selection of heads for Public Sector Banks.
 3. BBB helps the Public Sector Banks in developing strategies and capital raising plans.
- Codes: (a) 1 and 2 only (b) 2 and 3 only (c) 1 and 3 only (d) 1, 2 and 3

Consider the following statements:

1. The Governor of the Reserve Bank of India (RBI) is appointed by the Central Government. (रिजर्व बैंक के गवर्नर की नियुक्ति केंद्र सरकार करती है)
2. Certain provisions in the Constitution of India give the Central Government the right to issue directions to the RBI in public interest. (कुछ संवैधानिक प्रावधानों के अंतर्गत केंद्र सरकार जनहित में रिजर्व बैंक को दिशा निर्देश दे सकती है)
3. The Governor of the RBI draws his power from the RBI Act. (रिजर्व बैंक के गवर्नर को आरबीआई कानून से शक्तियां मिलती है)

Which of the above statements are correct?

- a) 1 and 2 only
- b) 2 and 3 only
- c) 1 and 3 only
- d) 1, 2 and 3



100% Surety

50:50

E) Skip

P
Atte

- RBI act empowers the Government

- Section-7(1) in PUBLIC INTEREST, Govt can consult with RBI Gov. Used: **Ordered Urjit formally to come for a meeting-** जनहित में भारत सरकार गवर्नर के साथ विमर्श कर सकती है
- Section 7(2) [even after that problem persists] then Govt can order RBI central board to implement directives.. NOT USED fearing opposition & Media. फिर भी गवर्नर बात ना माने तो सरकार, रिजर्व बैंक के केंद्रीय बोर्ड द्वारा अपनी बात मनवा सकती है. हालांकि सरकार ने ऐसा किया नहीं क्योंकि मीडिया और विपक्ष ने हंगामा मचा दिया था



PROOF
Screenshot
Mrunal's
Unacademy
Lecture conducted
31 BEFORE
Prelims-2021

- I will not read the statements very carefully
- I will read them very casually like a WhatsApp message
- So my answer is D: All correct.

[Prelims2021SET-C] Q.91) Consider the following statements:

- The Governor of the Reserve Bank of India (RBI) is appointed by the Central Government.
- Certain provisions in the Constitution of India give the Central Government the right to issue directions to the RBI in public interest.
- The Governor of the RBI draws his power from the RBI Act.

Which of the above statements are correct?

a) 1 and 2 only

b) 2 and 3 only

c) 1 and 3 only

d) 1, 2 and 3

लोग गलतियां करेंगे



Consider the following statements:

1. The Governor of the Reserve Bank of India (RBI) is appointed by the Central Government. (रिजर्व बैंक के गवर्नर की नियुक्ति केंद्र सरकार करती है)
2. Certain provisions in the Constitution of India give the Central Government the right to issue directions to the RBI in public interest. (कुछ संवैधानिक प्रावधानों के अंतर्गत केंद्र सरकार जनहित में रिजर्व बैंक को दिशा निर्देश दे सकती है)
3. The Governor of the RBI draws his power from the RBI Act. (रिजर्व बैंक के गवर्नर को आरबीआई कानून से शक्तियां मिलती है)

Which of the above statements are correct?

- a) 1 and 2 only b) 2 and 3 only
c) 1 and 3 only d) 1, 2 and 3

100% Surety

50:50



Constitution NAHI
RBI Act Section 7
empowers the Government

Consider the following statements:

1. The Governor of the Reserve Bank of India (RBI) is appointed by the Central Government. (रिजर्व बैंक के गवर्नर की नियुक्ति केंद्र सरकार करती है)
2. Certain provisions in the Constitution of India give the Central Government the right to issue directions to the RBI in public interest. (कुछ संवैधानिक प्रावधानों के अंतर्गत केंद्र सरकार जनहित में रिजर्व बैंक को दिशा निर्देश दे सकती है)
3. The Governor of the RBI draws his power from the RBI Act. (रिजर्व बैंक के गवर्नर को आरबीआई कानून से शक्तियां मिलती है)

Which of the above statements are correct?

- a) 1 and 2 only b) 2 and 3 only
 c) 1 and 3 only d) 1, 2 and 3

100% Surety

50:50

मुझे
Ph.d कराओ




unacademy

Constitution NAHI
 RBI Act Section 7
 empowers the Government

- You're overthinking and overcomplicating like Defense Lawyer arguing in Court to free his client.
- General understanding asked.



all the executive decisions are taken in the name of president of India

- statement 1 is wrong or debatable

ultimately all the laws created using the powers of the Constitution so

- statement2 is also wrong is right or debatable

Banking Regulation Act empowers RBI Governor

- statement3 also debatable

Pillar#1B2 → Burning Issues of Banking Sector

A-1

- Money: barter to Bitcoin

A-2

- RBI's monetary policy
- CRR, SLR, Repo etc



B-1

- Classification of Banks-NBFC

B-2

- Burning issues in Banking sector
- NPA, IBC, BASEL...

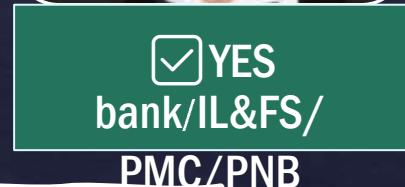


C

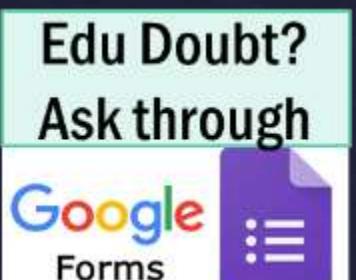
- SEBI Sharemarket

D

- Insurance, Pension, Fin. Inclusion



- Handout uploaded in your course page → update section



Updates

All updates



Mrunal Patel

Mar 8, 12:59 PM

FAQ_Upto_27_FEB_to_06_March_MONDAY_upto_9AM_PCB9 Here are my replies to the questions asked by the students of ongoing economy course RAFTAAR <https://unacademy.com/course/mrunals-economy-course-for-upsc-prelims-2023-754/6ZPQTB6O> (⚡ discount Code: 'Mrunal.org')



FAQ_Upto_27_FEB_to_06_March_MONDAY_upto_9AM_PCB9.pdf



- **1B2 handout reuploaded for those who had difficulty downloading it from portal**
- **(WAISE learn App community section pe working)**



Mrunal Patel

Mar 7, 10:55 PM

seems some bug/glitch. so re-uploading 📁 [Download] Handout: EF1B2_HDT_NPA_BadLoans_BASEL_PCB9_RAFTAAR.pdf Yes Mitron, here is the handout for upcoming classes this week at the coursepage <https://unacademy.com/course/mrunals-economy-course-for-upsc-prelims-2023-754/6ZPQTB6O> - 🧑‍🤝‍🧑 If small small educational queries, goto Teaching Assistants doubt solving classes: <https://unacademy.com/@mustafa.ali/courses?goal=all&type=batch> - 🧑‍🤝‍🧑 If Economy educational queries to Mrunal, post them at following google form after class: https://docs.google.com/forms/d/e/1FAIpQLSfCbEEMDk2FgIxWPn3Khu_E-BTmkQecJwfZQrKi4m2wUBPUnw/viewform?usp=sf_link - handout is in the update section of this course page: <https://unacademy.com/course/mrunals-economy-course-for-upsc-prelims-2023-754/6ZPQTB6O> (⚡ discount Code: 'Mrunal.org')



EF1B2_HDT_NPA_BadLoans_BASEL_PCB9_RAFTAAR.pdf



Pillars of Economy ⇒



RBI Monetary Policy Tools finished

- Next time: Classification of Banks, NBFCs
- Then NPA/BASEL
- Then sharemarket/SEBI
- Then Insurance/Financial inclusion



Quantitative, Gen., Indirect
Reserve Ratios (CRR, SLR)
Rates: Bank, MSF, LAF [Repo, RR]
OMO & MSS, SDF

Volume of loans



Qualitative: Selective, Direct

- Moral Suasion, Direct Action
- Margin req / LTV
- Selective Credit Control: Distribution of loans
- Credit Rationing, Consumer Credit control / EMI, PSL

Distribution of loans

- A. Money
- B. Banking
- C. SEBI-Sharemarket, companies Act
- D. Insurance, fin. Inclusion



1) MBFI



2) Budget



3) Intl. Trade



4) Sectors of Economy



5) Infrastructure



6) HRD



Pillar#1-> Burning Issues of Banking Sector



SEBI-sharemarket- usually very easy one-liners asked

ज्यादातर एकदम सामान्य किस्म के प्रश्न पूछे जाते हैं

Out of 100 MCQ
in Prelims



1) MBFI



2) Budget



3) Intl. Trade



4) Sectors of Economy



5) Infrastructure



6) HRD

- They ask mostly one-liner theory.
- e.g. Venture Capital Cos = help Start up cos.
- They don't ask difference between Startup SEED Capital Type A, B, C!!?

If only 1 MCQ asked then

may I skip this 40-50 pages handout
altogether? इसको छोड़ ही देते हैं!

एक ही तो प्रश्न पूछ रहे हैं

40 पन्ने क्यों रट के जाएं हम लोग



यूपीएससी के
बाबू शोने

Out of 100 MCQ
in Prelims

2021 1

2020 3

2019 1

2018 1

2017 0

2016 2

2015 0

2014 1

SEBI-sharemarket- usually very easy one-liners asked

ज्यादातर एकदम सामान्य किस्म के प्रश्न पूछे जाते हैं



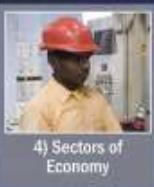
1) MFPI



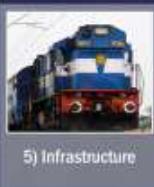
2) Budget



3) Int'l. Trade



4) Sectors of Economy



5) Infrastructure



6) HRD

- They ask mostly one-liner theory.
- e.g. Venture Capital Cos = help Start up cos.
- They don't ask difference between Startup SEED Capital Type A, B, C!!?

1. YES, IF u score (+1) extra MCQ from medieval history, geography map, environment, agriculture, science.
2. Yes, IF u think 2-3 attempt walla senior players are skipping it.
3. YES, IF u can write about GSM3- Resource mobilization without knowing about Sharemarket/capital market/ ETF etc.
4. YES, IF you have no plans of giving Bank/SEBI/RBI officer exam



'Security' = a certificate document indicating that its holder is eligible to receive a certain amount of money at a particular time

Equity (Share certificate)

Debt (Bond/Debenture)



प्रतिभूति यानी कागज का एक टुकड़ा

अगर आपके पास है
तो कोई व्यक्ति किसी तारीख को
आपको कुछ पैसा देगा



Shares = investor gives capital to bizman.

If bizman makes profit, he may give dividend to investor

■ 2017-18 ■ 2018-19 ■ 2019-20 ■ 2020-21 ■ 2021-22



2017-18 2018-19 2019-20 2020-21 2021-22



- तुम मेरी कंपनी का शेयर खरीदो और मुझे पूँजी दो। अगर मेरी कंपनी को मुनाफा हुआ तो मैं तुम्हें मुनाफे में से लाभांश/डिविडेंड दूँगा।
- ⚡ मुनाफा नहीं हुआ तो डिविडेंड नहीं दूँगा।



'Security' = a certificate document indicating that its holder is eligible to receive a certain amount of money at a particular time

Equity/ Share certificate

Holder gets dividend from the profits of the company. If no profit, then no dividend.

They are called owners, proprietor of the company

Have last claim during liquidation

Debt/ Bond / Debenture

कंपनी के मुनाफे में से हिस्सा मिलेगा

During boom period

↑ sales → ↑ profit → ↑ dividend.

So more attractive in such times.

नीलामी के अंत में यदि कुछ पैसा बचा तो उसमें से हिस्सा मिलेगा



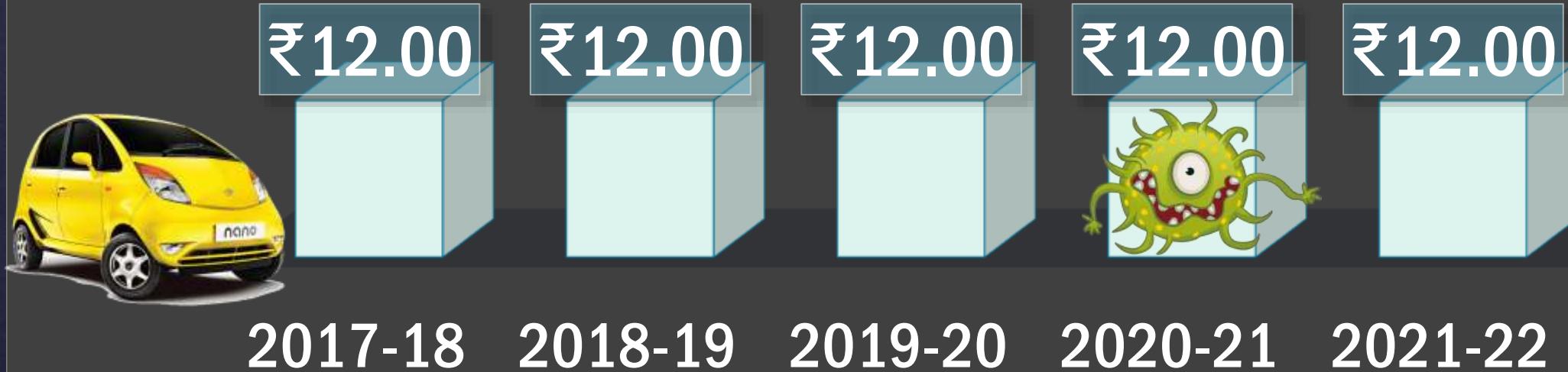
SHARE



Bond / Debenture = a type of loan instrument

Bizman repays principal + Interest, irrespective of biz profit

■ Interest Amount (hypothetical numbers for illustration / example only)



- तुम मेरी कंपनी का बॉन्ड खरीदो और मुझे पूँजी दो
- मैं तुम्हें व्याज और मूलधन वापस करूँगा
- चाहे मेरी कंपनी को मुनाफा हो रहा हो या न हो रहा हो, मैं तुम्हें व्याज दूँगा



'Security' = a certificate document indicating that its holder is eligible to receive a certain amount of money at a particular time

| Equity/ Share certificate | Debt/ Bond / Debenture | Fixed income. More attractive during slowdown period, when Companies  dividend |
|---|--|--|
| Holder gets dividend from the profits of the company. If no profit, then no dividend. | Holder gets (FIXED) interest & principal irrespective of whether company makes profit or not | |
| They are called owners, proprietor of the company | Creditors of the company ऋणदाता , मालिक नहीं | |
| Have last claim during liquidation | first claim | |



SHARE





Financial market

👉 These markets need not have separate physical address. Done online



By Tenure



Money
market:
<1 year



Capital
Market:
1 year/>



SHARE

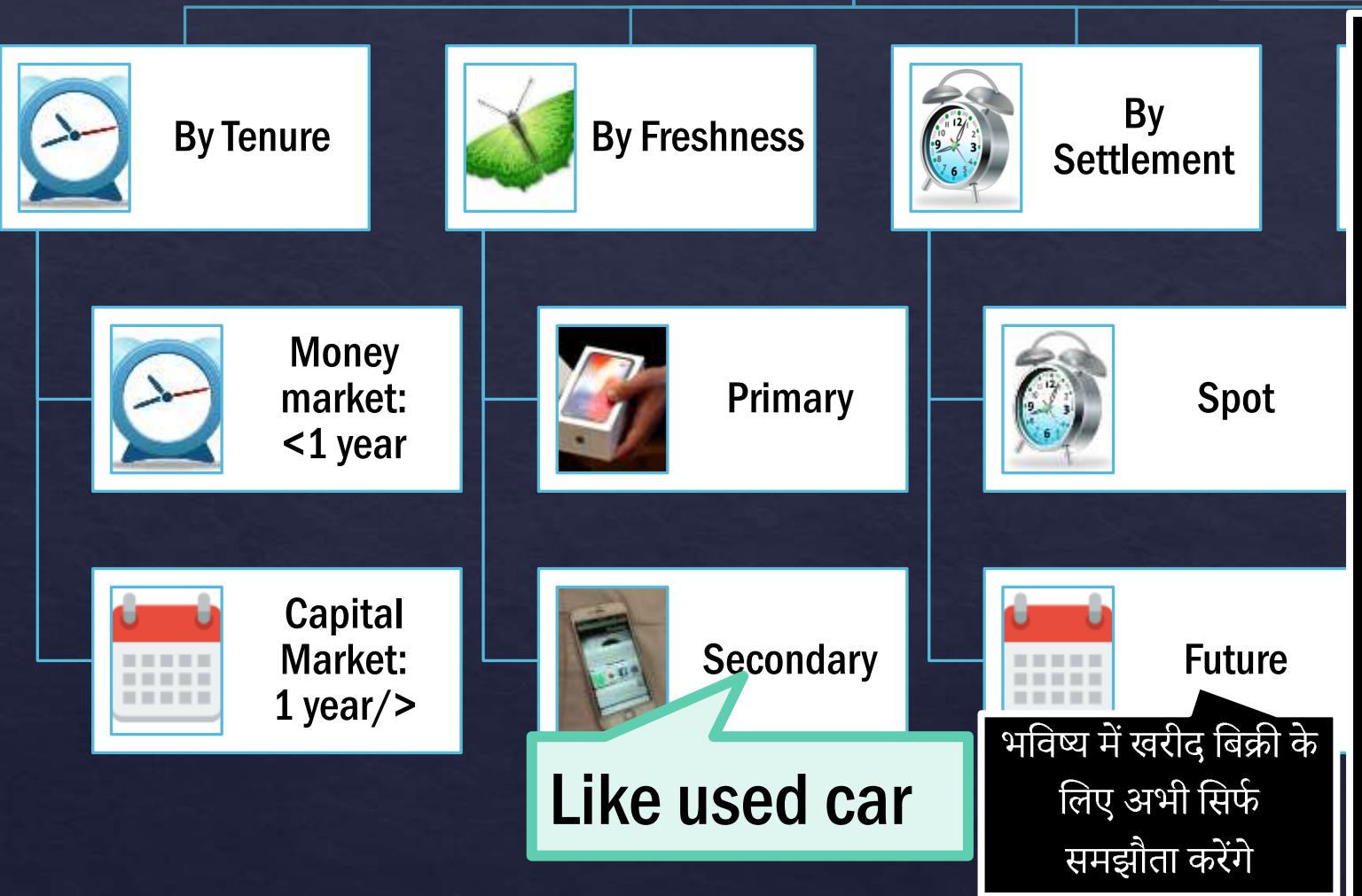


हालांकि यह जरूरी नहीं इनके ऑफिस एड्रेस अलग-अलग हो यह सारा काम कंप्यूटर प्लेटफार्म से होता है
लेकिन economists अपने analysis के लिए इसको इस तरह से अलग-अलग दिखाते हैं



Financial market

👉 These markets need not have separate physical address. Done online



हालांकि यह जरूरी नहीं इनके ऑफिस एड्रेस अलग-अलग हो यह सारा काम कंप्यूटर प्लेटफार्म से होता है
लेकिन economists अपने analysis के लिए इसको इस तरह से अलग-अलग दिखाते हैं



Financial market

👉 These markets need not have separate physical address. Done online





- What if all of these financial assets could be traded at a single market? क्यों ना ऐसा एक शॉपिंग मॉल/computer platform बने जहां पर यह सारी चीजें हमें एक ही जगह पर मिल जाए
- Like if You've supermall selling all the things- cloths, grocery, electronics.
- Ans. “Universal Exchange” 2018: SEBI permitted BSE & NSE to launch such thing (2018).



Debt Instruments → based on Tenure (ऋणपत्र: अवधि के हिसाब से)



Money Market
<1 year



Capital Market
1/> year



Govt



Pvt parties



FI (Bank/NBFC)

निवेशक को से
कर्जे में पैसा लेने के लिए

Debt Instruments: Short term → sold @discount, repurchased @Face (par) value
सस्ते में बेचेंगे और मूल कीमत पर बाद में खरीद लेंगे उस हिसाब से निवेशक को मुनाफा देंगे

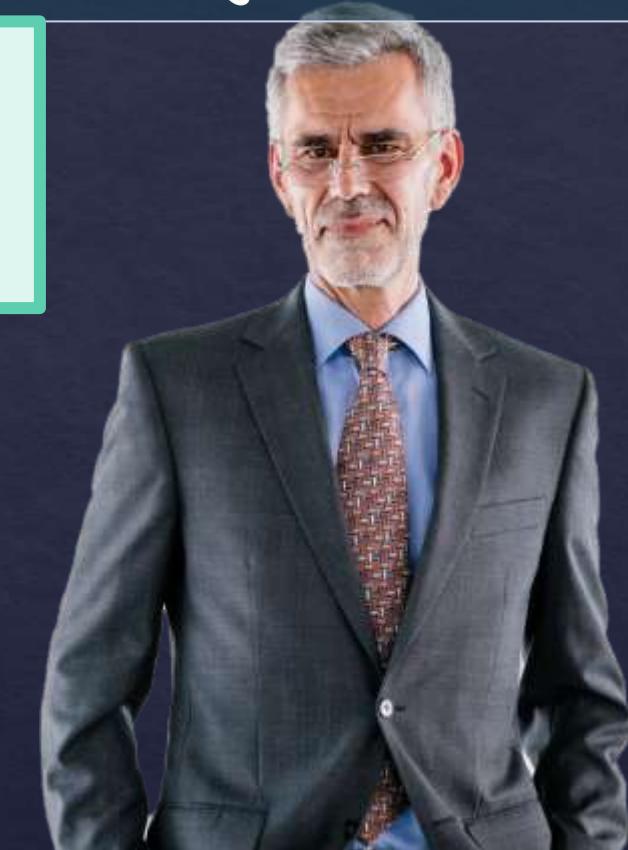


- 1) Traded at “Money Market” (Less than 1 year maturity)
- 2) First time issued-”Primary market”.



3) Unsecured because not backed by any ‘asset’. इसके पीछे कुछ गिरवि नहीं रखा है

4) This is called Face Value or Par Value



Debt Instruments: Short term => sold @discount, repurchased @Face (par) value
सस्ते में बेचेंगे और मूल कीमत पर बाद में खरीद लेंगे उस हिसाब से निवेशक को मुनाफा देंगे



1) Sell @discount of Rs. 7



This is called Face Value or Par Value

2) Investment
“93”



Investor

Debt Instruments: Short term => sold @discount, repurchased @Face (par) value
सस्ते में बेचेंगे और मूल कीमत पर बाद में खरीद लेंगे उस हिसाब से निवेशक को मुनाफा देंगे



Sell @discount of Rs. 7

**T-Bill (14 Days)
Rs.100**

**1) Repurchased @Face Value
(Rs.100) on Maturity**

I invested ₹97,
selling back
@₹100

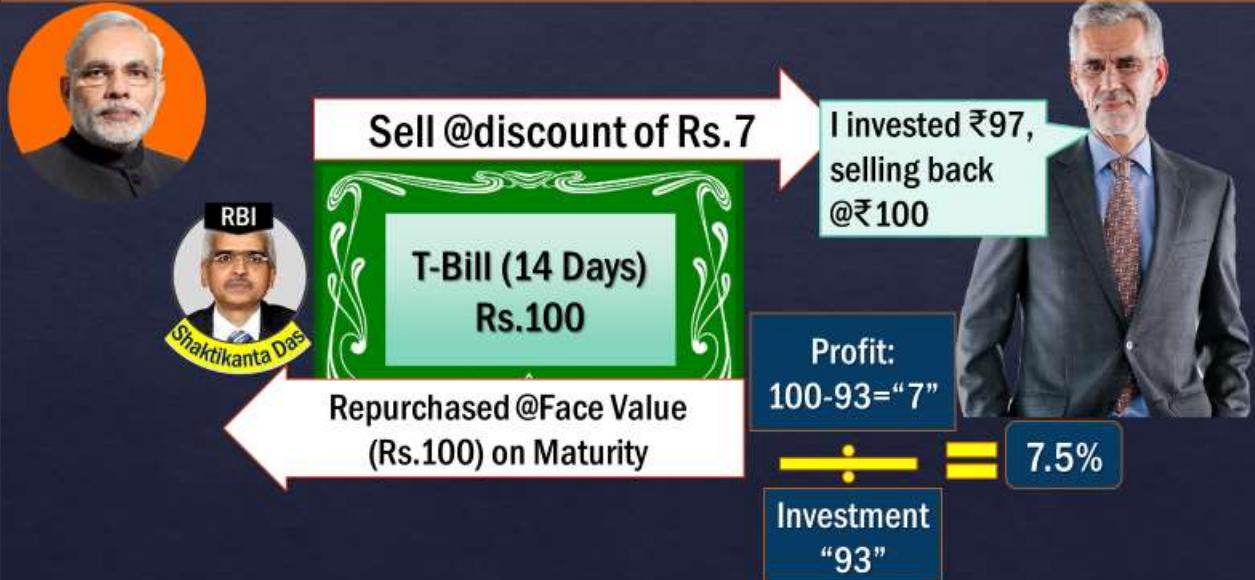
Profit:
 $100-93=“7”$

$$\frac{7}{93} = 7.5\%$$

**Investment
“93”**



Debt Instruments: Short term => sold @discount, repurchased @Face (par) value



Resale possible

- Negotiable and transferable (=sell to third party)
- & third party can redeem from Govt. आपको अगर अंतिम तिथि तक राह नहीं देखनी तो किसी और को बेच सकते हैं

Highly Liquid

- “Near money” because asset readily converted into cash. आपकी ऐसी संपत्ति जिसे तुरंत नगदी में तबदील कर सकते हैं

Debt Instruments → Money Market (Short term borrowing) → Govt's instruments



State govt's

- Treasury bills: 14 days tenure. But RBI stopped in 2001.
- Only long-term securities continued
- Short term= State Govt **borrow through WMA**



Money Market
<1 year



Union govt's

- **Treasury bills:** upto 364 days.
- **Cash Management bills (CMB)** upto 90 days.
- Internal difference= not important.

सरकारों को छोटी/लघु
अवधि के उधार मंगता है तो
ये तरीके है ...



Ways and Means advances (WMA) <NEXT SLIDE>

- Temporary mismatch in Govt's income & expenditure
- then RBI short term lends through this window.
- NOT counted in Fiscal deficit formula. (more in pillar#2: budget)



Pillar#2: For the whole year- budget is ‘balanced’

3) So I'll borrow +8 lakh cr to balance the scale

Therefore **Fiscal Deficit = 8 lcr**

2) INCOME from tax, railway etc.
22 lakh cr

सरकार बजट में अनुमान लगा के रखती है कि पूरे साल में उसको कितनी आमदनी और कितना खर्च होगा और उसी हिसाब से उसने बाजार में से कितना पैसा कर्जे में उठाना है

1) Expense
30 lakh cr



for the whole year

22 Income - 30 Expense = 8 Fiscal Deficit



- ok will give. and we'll not count WMA under
- Fiscal Deficit.
- because this is temporary issue.

- Sept: little money mismatch.
- @ RBI : please give temporary loan
- = Ways and means advances



Temporary mismatch in cashflow → solution: RBI Act → WMA

आमदनी में, अल्पकालिक असंतुलन के दौरान, मदद करने के लिए



Shaktikanta Das

1) Ways and Means advances (WMA)

- RBI Lends money on short term (3 months).
- Not counted in **fiscal deficit formula (pill#2)**



Union



All States
combined

3 महीने के लिए कर्जा देगी रिजर्व बैंक

- 1.201Cr.

- 51,560 cr

Temporary mismatch in cashflow → solution: RBI Act → WMA

आमदानी में अल्पकालिक असंतुलन के दौरान मदद करने के लिए



RBI

1) Ways and Means advances (WMA)

- RBI Lends money on short term (3 months).
- Not counted in fiscal deficit formula (pill#2)



Union



All States combined

3 महीने के लिए कर्जा देगी रिजर्व बैंक

- 1.201Cr.

- 51,560 cr

If upto this much borrowed → “WMA”

- its called Ways and Means Advances (WMA)
- Loan Interest = Repo%

इतनी मर्यादा तक की रकम रेपो ब्याज दर पर मिल जाएगी

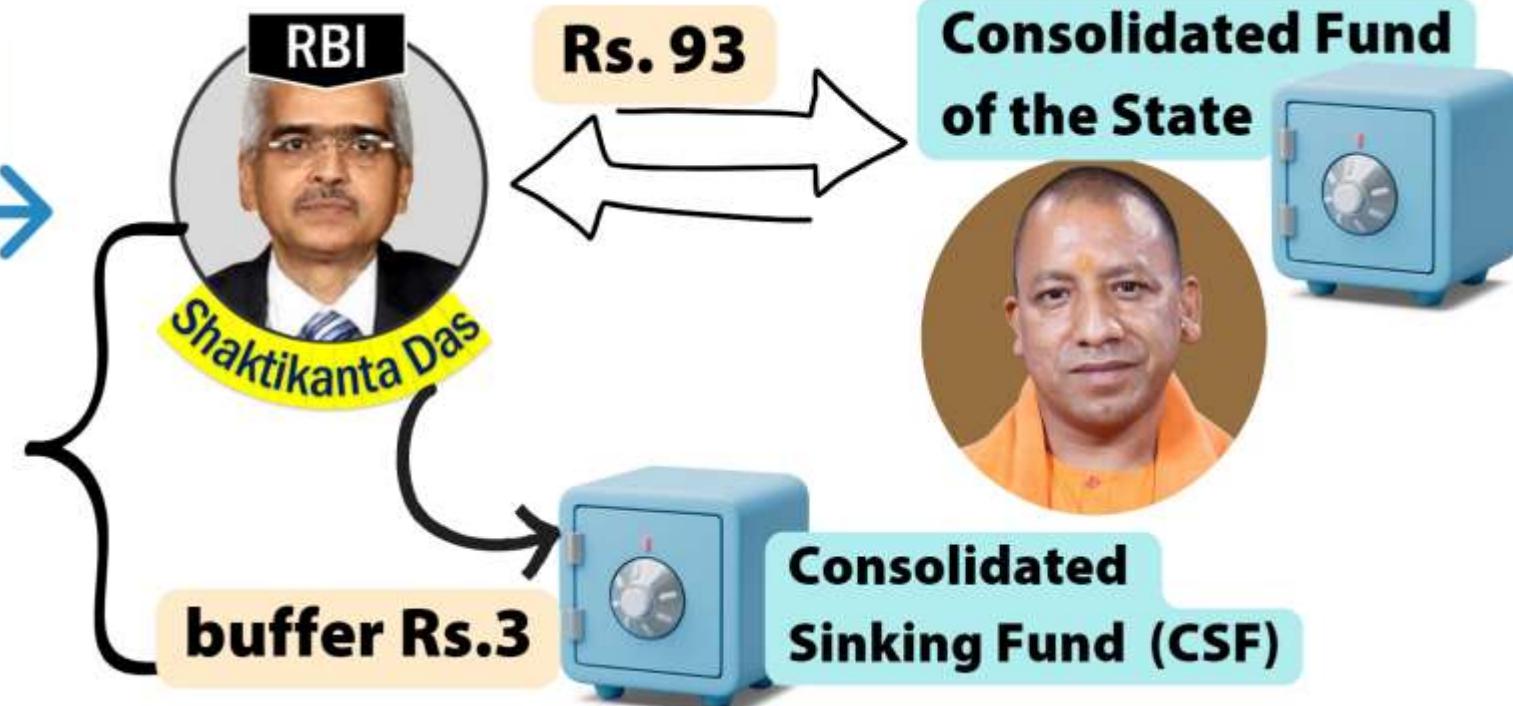
If beyond this amount borrowed → “Overdraft”

- its called ‘overdraft’:
- Loan Interest= Repo+2%

इससे ज्यादा रकम कर्ज में चाहिए लघु अवधि के लिए तो



investors buying Rs. 100
the State Govt's securities

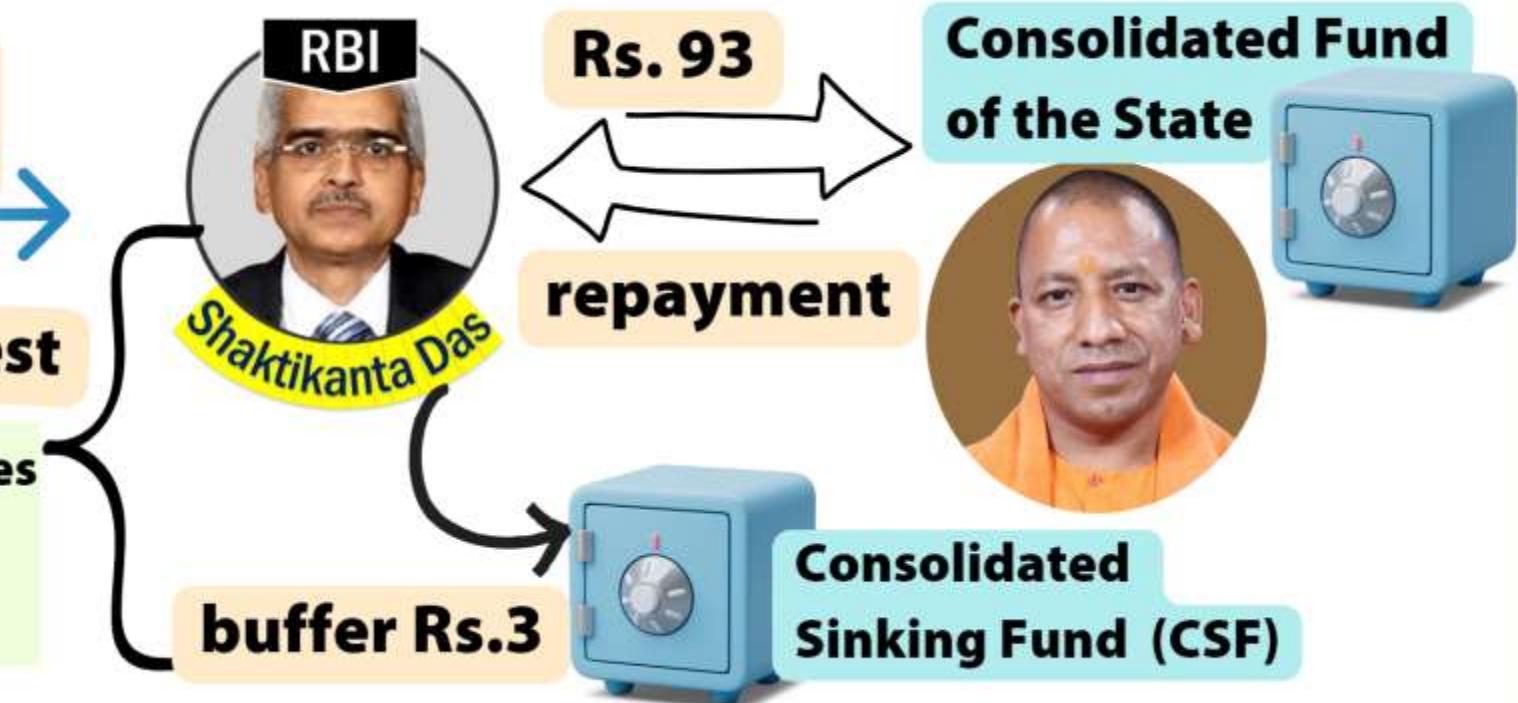




investors buying Rs. 100
ke State Govt's securities

principal + interest

- Corona = RBI relaxed some rules for CSF to help the States.
- What / How? NOT IMP.



Debt Instruments → Money Market (Short term borrowing)→ instruments
सस्ते में बेचेंगे और मूल कीमत पर बाद में खरीद लेंगे → उस हिसाब से निवेशक को मुनाफा देंगे



Company

- Bill of Exchange, Hundi,
- Commercial Papers & Promissory Notes

Mechanisms not important.
 Keywords and Motive is important.



Money Market
<1 year



Individual merchant

- “Commercial Bill”

निजी कंपनियों को छोटी/लघु अवधि के उधार मंगता है तो ये साधन हैं...



Bank को स्वयं उधार लेना हो

- Certificate of Deposits.



Sell in discount → repurchase on face value.

CERTIFICATE OF DEPOSIT (CD)

RBI



LIC
भारतीय जीवन बीमा निगम
LIFE INSURANCE CORPORATION OF INDIA

CERTIFICATE OF
DEPOSIT (CD)



CALL MONEY,
NOTICE MONEY

Depositors

Shaktikanta Das
Repo, MSF etc.
हम तो महंगाई से लड़ने
के लिए रेपो दर महंगा
करेगा



AXIS
Banker

1) मेरेको ट्रक भर के लोन चाहिए



छोटी समय के लिए मनी मार्केट से
पैसा उठाने के लिए बैंक जो साधन
जारी करता है

CERTIFICATE OF DEPOSIT (CD)

RBI



भारतीय जीवन बीमा निगम
LIFE INSURANCE CORPORATION OF INDIA

CERTIFICATE OF
DEPOSIT (CD)



CALL MONEY,
NOTICE MONEY

Depositors

Shaktikanta Das
Repo, MSF etc.

हम तो महंगाई से लड़ने
के लिए रेपो दर महंगा
करेगा



A
AXIS
Banker

1) मेरे को ट्रक भर के लोन चाहिए



2) लेकिन मुकेश भाई, कंपनियों में LAYOFF चल रहा है
इसलिए नौकरी पेशा लोग बेरोजगार होने के बाद
A) डिपॉजिट में पैसा कम डाल रहे हैं:
B) रिजर्व बैंक ने रेपो लोन काफी महंगे कर दिया.
तो रोकड़ा लाऊं किधर से!!!!?????

3) हाँ तो बाजार
में सर्टिफिकेट
ऑफ डिपाजिट
जारी करो न!

Types of Short term debt instruments

सस्ते में बेचेंगे और मूल कीमत पर बाद में खरीद लेंगे उस हिसाब से निवेशक को मुनाफा देंगे

NOT
IMP

CBLO

- Collateralized Borrowing and Lending Obligation.
- Clearing Corporation of India Ltd (CCIL) helps FI to borrow money through this

Call Money
(interest rate)

- Interest rate when FI (Banks/NonBanks) borrow among themselves for 1 DAY
- Notice Money (Interest Rate): For 2-14 days.

Repo Rate
(Interest Rate)

- Explained in monetary policy. Ref: 1A2

External
Benchmark

- Explained in monetary policy. Ref: 1A2
- IT IS NOT short term instrument. DONOT confuse

 Mechanisms not important.

 Keywords and Motive is important.



Debt Instruments → based on Tenure (ऋणपत्र: अवधि के हिसाब से)



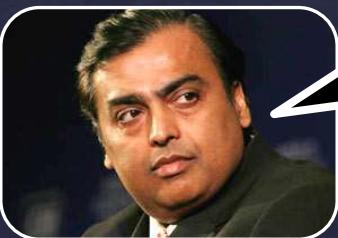
Money Market
<1 year



Capital Market
1/> year



Govt



Pvt parties



FI (Bank/NBFC)

15.3.5 Short term debt instruments → by borrowers other than Govt

Table 1: how does this work in real life? Ans. not important just remember 1-Word Association

| Borrower | Short term debt instrument (लघु अवधि के ऋण पत्र) |
|-------------|--|
| Company | <ul style="list-style-type: none"> - Bill of Exchange, Hundi, Commercial Papers, Promissory Notes. - Side note: Currency Note is a 'Promissory Note' issued by RBI Governor however, he's not bound to pay any interest. He just promises to exchange it with other currency notes & coins of equal face value.(More in) |
| Merchant to | Commercial Bill. |

Deposits (जमा प्रमाण पत्र).

Interest rate when Financial Intermediaries (Banks/NonBanks) compete DAY among themselves.

but for 2 to 14 days.

Borrowing and Lending Obligation.

Corporation of India Ltd (CCIL) helps Financial Intermediaries (FI) to get loans through this instrument.

Repo | Repo and Reverse Repo= Ref: Pillar#1A2: Monetary Policy handout.

15.4 DEBT → SHORT TERM → FACTORING & TREDS



Audio/Video Problem?



CTRL R

Edu Doubt?
Ask through



Debt → Short Term → TReDS



1) MSME supplied goods, services.
Generated bill (invoice ₹100)



- यह कोई लघु उद्योग ने मुकेश अंबानी के जिओ फोन पैक करने के लिए कार्डबोर्ड के बक्से बनाकर सप्लाई किए
- लेकिन मुकेश भाई ने अभी बकाया पैसा चुकाया नहीं है



2) I'll pay your invoice next month. (invoice ₹100)
तुमसे सामान खरीदा है लेकिन अगले महीने चुकाऊंगा रकम

Debt → Short Term → Factoring



1) MSME supplied goods, services.
Generated bill (invoice ₹100)



3) MSME Pledge to
borrow ₹90



2) I'll pay your invoice (₹100)
next month. तुमसे सामान खरीदा है
लेकिन अगले महीने चुकाऊंगा रकम

4) Bank / NBFC

Factoring

i) ₹90 loaned (Jan)

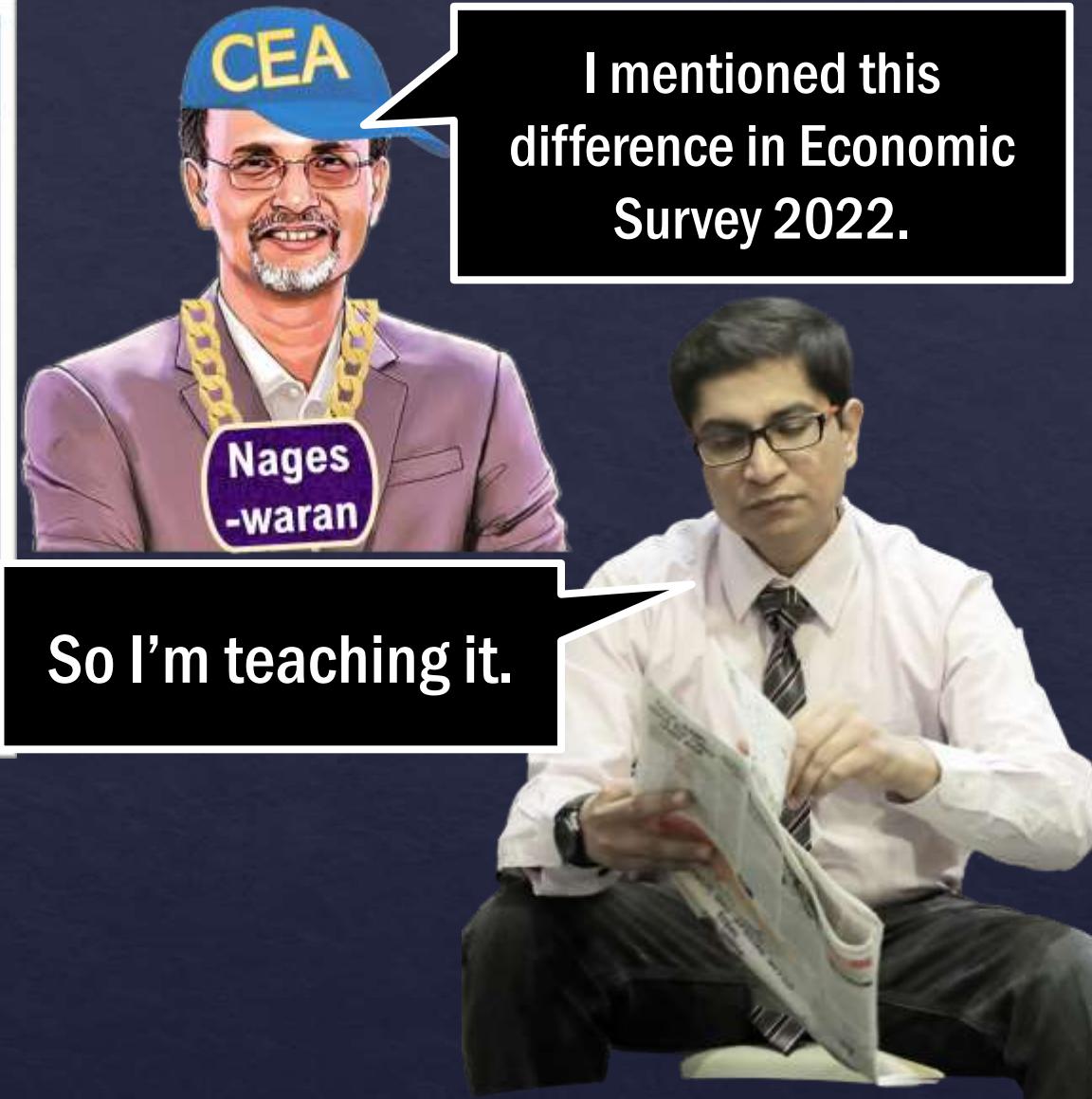
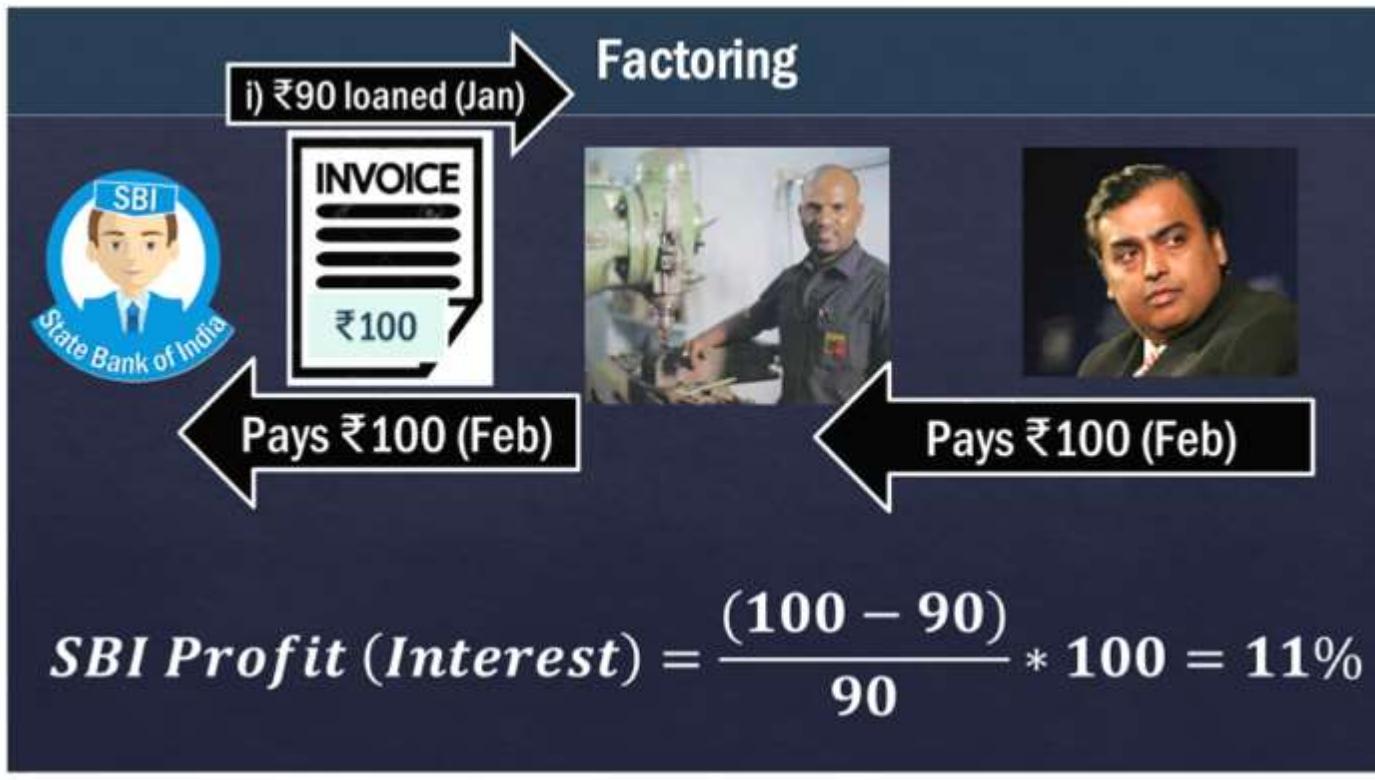


Pays ₹100 (Feb)



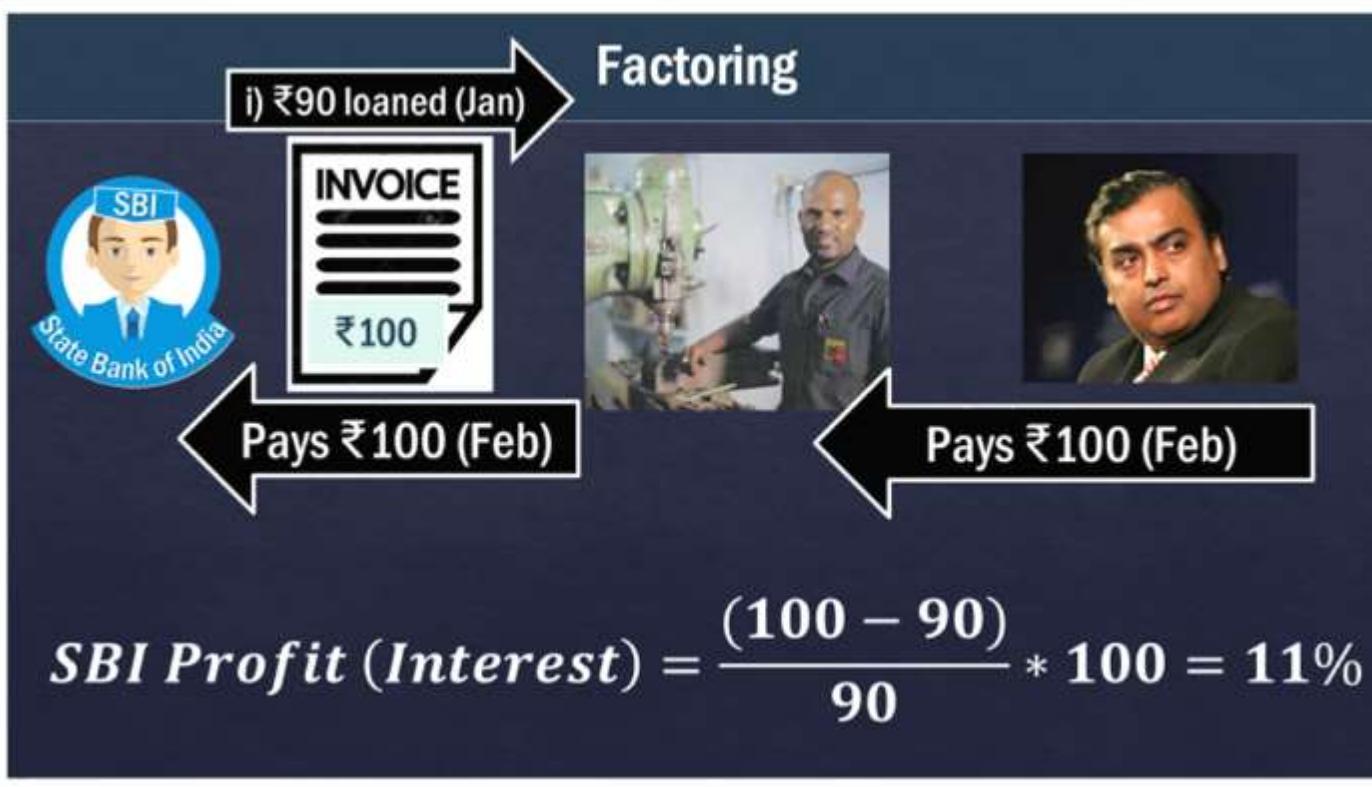
Pays ₹100 (Feb)

$$SBI \text{ Profit (Interest)} = \frac{(100 - 90)}{90} * 100 = 11\%$$



Bill Discounting

MSME seller take the responsibility for collecting payment of unpaid invoices by Ambani & delivers ₹ ₹ to the Factor (bank/NBFC).



Bill Discounting

MSME seller take the responsibility for collecting payment of unpaid invoices by Ambani & delivers ₹₹ to the Factor (bank/NBFC).

Factoring

Factor (bank/NBFC) takes on the responsibility for the collection of ₹₹ from unpaid invoices from Ambani.

Amazon e-market place : connects buyers with sellers



amazon.in

Computers & Accessories

Mobiles Today's Deals Best Sellers Computers Pantry Books Gift Ideas New Re

Electronics Mobiles & Accessories Laptops & Accessories TV & Ho

Return to product information | 100% purchase protection with A-to-Z guarantee.

SanDisk Cruzer Blade 32GB USB Flash Drive
SanDisk

★★★★★ 85,890 customer ratings | Capacity: 32GB

Price + Delivery

₹399.00
(₹12.47 / GB) ✓prime
FREE Delivery on orders over ₹ 499.00 . [Details](#)

₹399.00
(₹12.47 / GB)
FREE Delivery.

₹435.99
(₹13.62 / GB) ✓prime
FREE Delivery.

₹449.00
(₹14.03 / GB)
FREE Delivery.

Seller Information

Appario Retail Private Ltd
★★★★★ 88% positive over the past 12 months. (359,615 total ratings)

B R PRODUCT.
Just Launched ([Seller Profile](#))

ALL IT GADGETS
★★★★★ 74% positive over the past 12 months. (587 total ratings)

Wall Retail
Just Launched ([Seller Profile](#))



⌚️📅📡 TReDS platform to connect factoring-players.

TReDS platforms (regulated by RBI)

M1xchange,

RXIL

A.TReDS



Factoring Regulation (Amendment) Act, 2021

Who can lend money as FACTOR?



Before

- Banks
- Only Factoring-Company (NBFC) eligible – 7 such companies in NBFC India.
 - So, Gold Loan Cos, Mutual Funds etc. not eligible.



After

- Banks
- All types of NBFC. >9000 Nos of NBFCs.



Factoring Regulation (Amendment) Act, 2021

Who can lend money as FACTOR?



Before

- LESS
- LESS.



After

- RBI given more powers.
- More legal clarity about TReDS system.



Problem of dual financing



Pledges
Invoice here

Pledges same
Invoice here



Problem of dual financing → solution

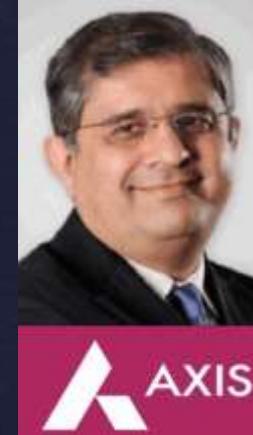


Pledges
Invoice here



Must register transaction on
Central Registry of SARFAESI Act

ERROR
If same invoice pledge.



Factoring Regulation (Amendment) Act, 2021

Who can lend money as FACTOR?



Before

-  Risk of Dual financing / pledging.



After

- **Transaction need to be registered online @Central Registry to prevent booking dual financing.**

Debt Instruments → based on Tenure (ऋणपत्र: अवधि के हिसाब से)



Money Market
<1 year



Capital Market
1/> year



Govt



Pvt parties



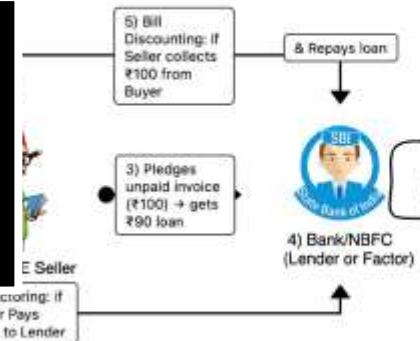
FI (Bank/NBFC)

15.3.5 Short term debt instruments → by borrowers other than Govt
Table 1: how does this work in real life? Ans. not important just remember 1-Word Association

| Borrower | Short term debt instrument (लघु अवधि के ऋण पत्र) |
|------------------|---|
| Company | <ul style="list-style-type: none"> - Bill of Exchange, Hundi, Commercial Papers, Promissory Notes. - Side note: Currency Note is a 'Promissory Note' issued by RBI Governor however, he's not bound to pay any interest. He just promises to exchange it with other currency notes & coins of equal face value.(More in Pillar#1A1) |
| Merchant to bank | Commercial Bill. |
| Banks / NBFC | Certificate of Deposits (जमा प्रमाण पत्र). |
| Call Money | It's the interest rate when Financial Intermediaries (Banks/NonBanks) borrow for ONE DAY among themselves. |
| Notice Money | Same as above but for 2 to 14 days . |
| CBLO | Collateralized Borrowing and Lending Obligation. Clearing Corporation of India Ltd (CCIL) helps Financial Intermediaries (FI) to get short term loans through this instrument. |
| Repo | Repo and Reverse Repo= Ref: Pillar#1A2: Monetary Policy handout. |

15.4 DEBT → SHORT TERM → FACTORING & TREDS

Pending from
LIBOR



Audio/Video
Problem?



Edu Doubt?
Ask through



Short term debt – Interest Rate Benchmarks → MIBOR

Mumbai Inter-bank Offered Rate (MIBOR)

- is the **average interest rate**
- at which **banks in Mumbai**
- give **short term loans to each other.**



Short term debt – Interest Rate Benchmarks → LIBOR

London Inter-bank Offered Rate (LIBOR)

- is the average interest rate
- at which banks in London
- give short term loans to each other.



Short term debt - Interest Rate Benchmarks → LIBOR-usage

it acts as a reference point for others लिबोर संदर्भ बिंदु का काम करता है

(some) global banks decide

- their call money / notice money rates based on it. E.g.

Singapore bank giving loan 2
African Bank



LIBOR का संदर्भ
लेकर अन्य बैंक अपनी
ब्याज दर तय करते हैं



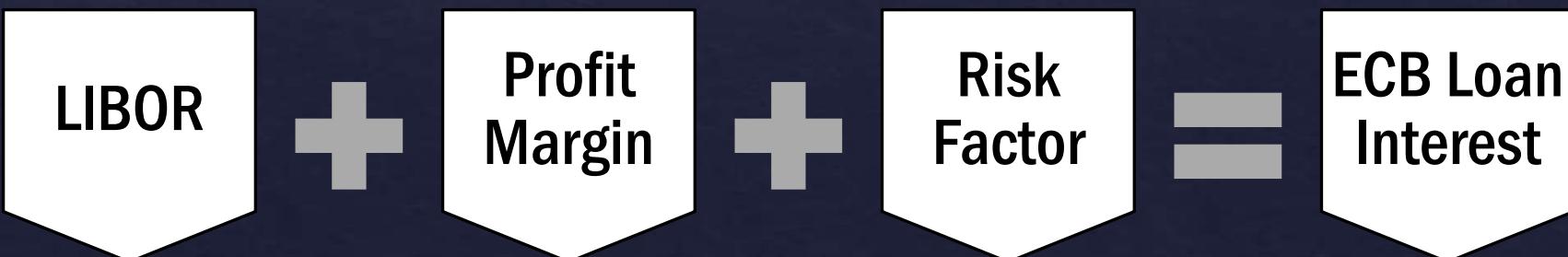
Short term debt - Interest Rate Benchmarks → LIBOR-usage it acts as a reference point for others लिबोर संदर्भ बिंदु का काम करता है

(some) foreign banks external commercial borrowing (ECB)

- e.g. Indian Bizman taking loans from Dubai



LIBOR का संदर्भ लेकर अन्य बैंक अपनी ब्याज दर तय करते हैं



Short term debt - Interest Rate Benchmarks → LIBOR-usage
it acts as a reference point for others लिबोर संदर्भ बिंदु का काम करता है

(some) FCNR deposit interest rates

- Foreign Currency Non-Resident (FCNR) accounts
- विदेशी लोग भारतीय बैंकों में पैसा बचत करें

I want to save my \$\$ in Indian bank.

How much interest will u pay?

जब गैर निवासी- डॉलर देके भारत के बैंकों में बचत खाता खोलें



LIBOR

+

+ "x" %

=

Savings Account Interest

Short term debt – Interest Rate Benchmarks → LIBOR

LIBOR is to be discontinued by the end of 2021

- LIBOR methodology had become unreliable & fraud-ridden in recent years. कांड हो रहे थे
- So, UK regulator ordered stopping LIBOR by the end of 2021. इसको बंद कर दिया जाएगा

So, now investors re-writing contracts with other benchmarks like...

TONAR
(Tokyo/Japan)

SARON
(Switzerland)

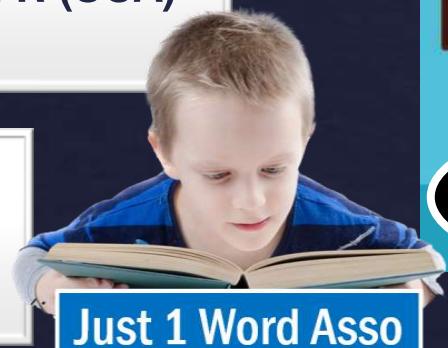
SOFR (USA)

SONIA
(UK-Sterling-Pound)

ESTR (Euro)

मेरे को लघु अवधि
का कर्जा मांगता है

उस पर ब्याज दर लगेगा
LIBOR





Mint
RBI amends guidelines for smoother Libor transition

"The transition away from London Interbank Offered Rate (Libor) is a ... the financial system," RBI governor S

1 day ago



RBI relaxes norms to help banks migrate away from LIBOR

"Banks and financial institutions are encouraged to cease entering into new financial contracts that reference LIBOR as a benchmark."

8 hours ago



RBI reviews London Interbank Offered Rate transition

RBI stated that LIBOR is a significant event that poses challenges for banks and the financial system

1 day ago



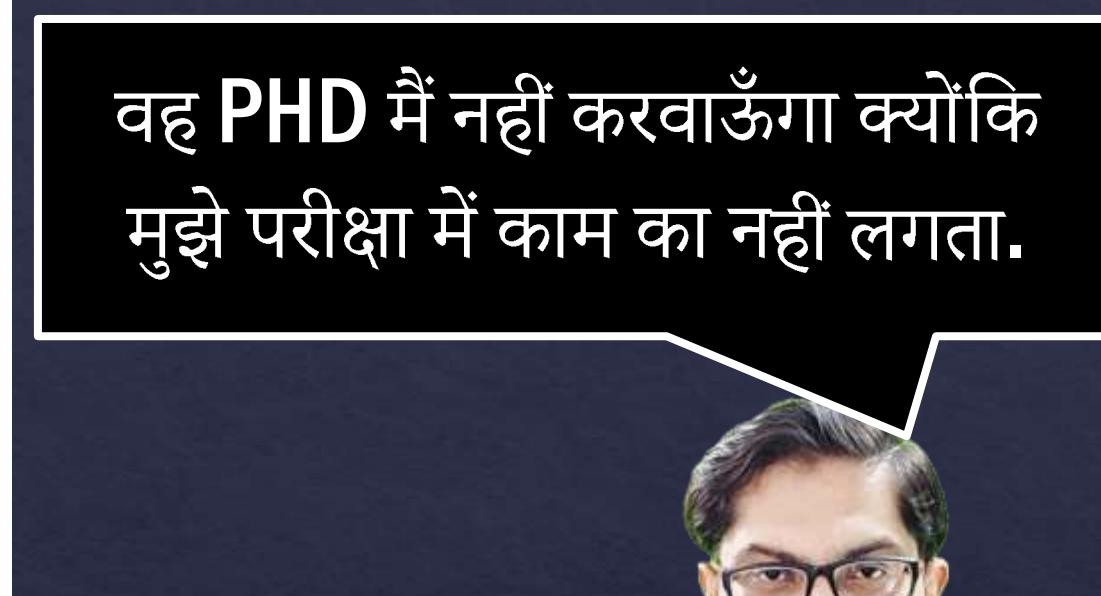
Youtubers & CA-PDF walla



इससे India & World की Economy पर 500 जात की क्या क्या असर होंगी उस पर PHD करवाओ



Just 1 Word Asso



वह PHD में नहीं करवाऊँगा क्योंकि मुझे परीक्षा में काम का नहीं लगता.



Memorize tomorrow morning



Q Find Correct statements (Asked in UPSC-Pre-2018)

- The RBI manages and services Govt of India Securities, but not any State Govt Securities.
- Treasury bills are issued by Govt of India and there are no treasury bills issued by State Govts.
- Treasury bills offer are issued at a discount from the par value.

Ans Codes: (a) 1 and 2 only (b) 3 only (c) 2 and 3 only (d) 1, 2 and 3

Q Which of the following is /are example (s) of 'Near Money'? [UPSC-CDS-2016-I]

- Treasury Bill
- Credit Card
- Saving accounts
- Money Market Instruments

Answer codes: (a) 1 only (b) 2 only (c) 1, 2 and 3 (d) 1, 3 and 4

Q In Indian economy, non-financial debt includes ___? (Prelims-2020 SetB- Q84)

- Housing loans owed by households
- Amounts outstanding on credit cards
- Treasury bills

Codes: (a) 1 only (b) 1 and 2 only (c) 3 only (d) 1, 2 and 3

Q Which of the following phrases defines the nature of the 'Hundi' generally referred to in the sources of the post-Harsha period? (UPSC-Prelims-2020)

- An advisory issued by the king to his subordinates
- A diary to be maintained for daily accounts
- A bill of exchange
- An order from the feudal lord to his subordinates

Q Find correct statement(s) (UPSC-Prelims-2020)

- 'Commercial Paper' is a short-term unsecured promissory note.
- 'Certificate of Deposit' is a long-term instrument issued by the Reserve Bank of India to a corporation.
- 'Call Money' is a short-term finance used for interbank transactions.

| Bill Discounting | Factoring |
|---|---|
| MSME seller collects the money from Buyer (Ambani) & delivers it to the Factor (bank/NBFC). | Factor (lender: bank/NBFC) directly collects the ₹₹ from unpaid invoices from Buyer (Ambani). |

15.4.1 Factoring Regulation (Amendment) Act, 2021

to amend the Factoring Regulation Act, 2011

| Before | After |
|--|---|
| Banks and only "Factoring Companies (NBFC)" allowed to give loans under this system. There were only seven NBFCs registered as Factoring Companies. | Banks and all types of NBFCs allowed (After registering with RBI). → So now more than 9000 NBFCs in India can give loans → this will increase the availability of loans for the MSME. |
| -- earlier it was less. | RBI given more powers to regulate this business. |
| -- earlier it was less. | More legal clarity about TReDS system. |
| Earlier this was not clear and so MSME could commit fraud of "dual financing" i.e. Pledging the same and per invoice as collateral in multiple Bank/NBFCs. | Need to register the invoice-pledge-factoring-loan transaction on A central registry set up under the SARFAESI Act. This will prevent the dual financing frauds. |

15.4.2 TrEDS platform to connect factoring-players.

- Just like quickr/olx connect buyers with sellers, the Trade Receivables Electronic Discounting System (TrEDS) online-platform Connect the factors (bank/NBFC) with the borrowers (MSME).
- Examples of 3 TrEDs platforms: M1xchange, RXIL, and A.TReDS. Have to register with RBI.
- Most famous is RXIL - Owned by the Small Industries Development Bank of India (SIDBI) and the National Stock Exchange of India Limited (NSE), State Bank, ICICI and Yes Bank.

15.5 DEBT → INTEREST RATE BENCHMARKS: LIBOR, MIBOR,

London Inter-bank Offered Rate (LIBOR) is the average interest rate at which banks in London give short term loans to each other.

| | |
|-------|---|
| MIBOR | In LIBOR definition, replace the word "London" → "Mumbai" and "Global" → "Indian", and you'll know what MIBOR is! |
| MIFOR | ⇒ Mumbai Interbank Forward Outright Rate (MIFOR) ⇒ Faded topic so deleting from handout. |

Long term Debt Instruments → based on Issuer

अभी हम बात करें दीर्घावधि के ऋण पत्रों की



Money
Market <1 year



Capital Market
1/> year

G-Sec



Govt

Bond / debenture



Pvt parties



FI (Bank/NBFC)



Urban Local
Bodies:
municipal Bonds



BRICS Bond(\$) by
New Dev Bank for
Infra loans (Pill#3)

World Bank's (Aus.\$)
Bond-iBond using
Ethereum Blockchain
tech (1A-1)

Securities → debt → Long Term → Govt

दीर्घ-अवधि ऋणपत्र - सरकारी कर्ज के लिए जारी किए गए

Investment Grade

Long-Term

Aaa
Aa1
Aa2
Aa3
A1
A2
A3
Baa1
Baa2
Baa3

Ba1
Ba2
Ba3
B1
B2
B3
Caa1
Caa2
Caa3
Ca
C

US Treasury Bonds

India's G-Sec

G-sec:
Rs.100 @ 10%
for 3 years

- Government securities, Dated securities, Sovereign bonds.
- Also called **gilt edged securities** because repayment is assured by Govt. (**अग्रिम दर्जे की प्रतिभूतियाँ**)
- Rating done by **credit rating agencies**
e.g.- Fitch, Moody's and Standard & Poor

Securities → debt → Long term → Companies

दीर्घ-अवधि ऋणपत्र - कंपनियों के लिए कर्ज के लिए जारी किए गए

Bonds

- British Term/
- Government Companies
- Collateral given/not given
- Etc



I've done
B.Com/M.Com.
Why are u not telling
proper difference- I
know it.

Debentures

- American Term /
- Private cos
- Collateral given/not given
- Etc.

Internal
difference
not
important.


| Moody's | S&P | Fitch |
|---------|------|-------|
| Aaa | AAA | AAA |
| Baa2 | BBB | BBB |
| Baa3 | BBB- | BBB- |
| Ba1 | BB+ | BB+ |
| Ba2 | | BB |
| Ba3 | | BB- |
| B1 | | B+ |
| B2 | | B |
| B3 | | B- |
| Caa1 | | CCC |
| Caa2 | | |
| Caa3 | | |



NOT imp for exam.
Why overburden
brain's memory
card?

Securities → debt → Long term → Companies

दीर्घ-अवधि ऋणपत्र - कंपनियों के लिए कर्ज के लिए जारी किए गए

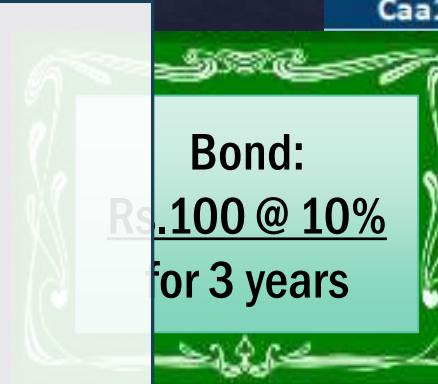
Junk Bond

- If poor rating = junk bonds =existing bonds may default.
- and have to offer more interest rate when issuing bonds next time. E.g. IL&FS



Non convertible debenture

- = Principal + interest repaid
- But bond can't be converted into shares.



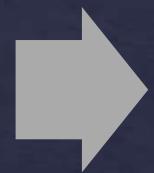
| Moody's | S&P | Fitch |
|---------|------|-------|
| Aaa | AAA | AAA |
| Aa1 | AA+ | AA+ |
| Aa2 | AA | AA |
| Aa3 | AA- | AA- |
| A1 | A+ | A+ |
| A2 | A | A |
| A3 | A- | A- |
| Baa1 | BBB+ | BBB+ |
| Baa2 | BBB | BBB |
| Baa3 | BBB- | BBB- |
| Ba1 | BB+ | BB+ |
| Ba2 | BB | BB |
| Ba3 | BB- | BB- |
| B1 | B+ | B+ |
| B2 | B | B |
| B3 | B- | B- |
| Caa1 | CCC+ | CCC |
| CCC | CCC | CCC |
| CCC- | CCC- | CCC |
| CC | CC | CC |
| C | C | C |
| D | D | D |

Hybrid instrument: Optionally Fully Convertible Debentures (OFCD)



Debt / Bond / debenture

- Fixed income (7%)



Equity / share

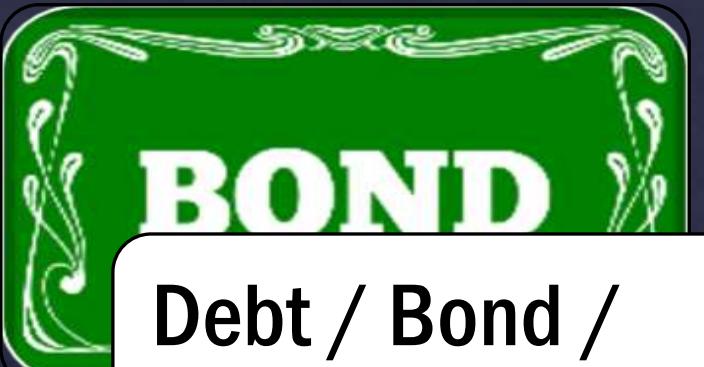
- If profit = more dividend



ऐसे बांड
जिनको निवेशक चाहे
तो बाद में शेयर्स में तब्दील कर सकते हैं

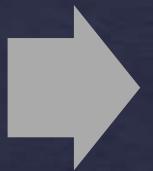
Hybrid instrument: Optionally Fully Convertible Debentures (OFCD)

ऐसे बांड जिनको बाद में शेयर्स में तब्दील कर सकते हैं



Debt / Bond / debenture

- Fixed income (7%)



Equity / share

- If profit = more dividend



SAHARA Subrato Roy scam: he issued OFCD to people without permission from SEBI.

And investor can sell it to third party at higher price.
Ref More in Sharemarket segment

Colonial era govt → Coupon bond

दीर्घ-अवधि ऋणपत्र - सरकारी कर्ज के लिए जारी किए गए



7.5 cent x 4 years = \$0.30 cents.

\$0.30 / 5 = 6% coupon rate(=interest)

पहले कंप्यूटर इंटरनेट से
ऑनलाइन भुगतान
नहीं होता था
आप कागज के सर्टिफिकेट
खरीदते
और उसकी कूपन काट के
सरकारी कच्चहरी में जमा
करते
तो वह आपको ब्याज देते

Colonial era govt → Coupon bond

दीर्घ-अवधि ऋणपत्र - सरकारी कर्ज के लिए जारी किए गए



Bearer bonds:

1. no name of investor
2. Not linked with PAN/Aadhar/Passport number...
3. Usually in war times.

ZERO Coupon bond = “bond without coupons”

उसको मूल कीमत से सस्ते में बेचा जाता है और फिर मूल कीमत पर निवेशक से खरीदा जाता है



No coupons इसमें तो कूपन ही नहीं तो निवेशक खरीदेगा क्यों 🤔 🤔

- Govt Sells at discounted price of \$4.5
- Govt to Purchase at face value of \$5 after 4 years.

Interest paid:

$$\begin{aligned} &= [(5-4.5)/4.5] * 100 \\ &= \sim 11\% \end{aligned}$$

1) Return my principal + interest

ABHI ke ABHI



3) Cheating kartaa
hai tu 😠 😠 😠

2) Irredeemable Bond =
Principal वापस नहीं होगा !

4) please read offer
documents carefully
before investing

| Bond Type | Redeemable Bonds (मोच्च) | Irredeemable Bonds (अमोच्च): |
|--|---|---|
| Interest Returned ब्याज वापस होगा | <input checked="" type="checkbox"/> <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> <input checked="" type="checkbox"/> |
| Principal Returned मूल धन वापस होगा | <input checked="" type="checkbox"/> <input checked="" type="checkbox"/> |  |

- Although in real life, issuer will repurchase after some years.
हालांकि वास्तव में कुछ वर्षों बाद, उसको वापस खरीद लिया जाता है
- E.g. AT1 Bonds, Consol Bonds

Long term Debt Instruments → based on Issuer



Money Market
<1 year



Capital Market
1/> year

G-Sec



Govt

Bond / debenture



Pvt parties

SELF EXPLANATORY



Urban Local
Bodies:
municipal Bonds

BRICS Bond(\$)
by New Dev Bank
for Infra loans

FI (Bank/NBFC)



World Bank's (Aus.\$)
Bond-iBond using
Ethereum Blockchain
tech (1A-1)

Debt Instruments → Long term → based Objective

दीर्घावधि के ऋण पत्र का वर्गीकरण उद्देश्य के हिसाब से करें



Money Market <1 year



Capital Market 1/> year



Inflation Indexed



Sovereign Gold Bond



Panda & other Animals



Elephant Bond



Consol Bonds



Surety Bond



Social Impact Bond



Green/Blue/ESG Bond



Catastrophe Bond



Electoral Bond

scouting System (TReDS): an online system for tracking their (unpaid) invoices made to Banks and NBFCs, make amendments in Factoring Regulation directly participate on the TReDS

Pre-2018)

rvices Government of India Securities, but not of India and there are no treasury bills

t from the par value.
(c) 2 and 3 only (d) 1, 2 and 3
(s) of 'Near Money'? [UPSC-CDS-2016-I] parts 4. Money Market Instruments
1, 2 and 3 (d) 1, 3 and 4

15.4 LONG TERM DEBT INSTRUMENTS (दीर्घ-आवधि ऋण- उपकरण)

based on who is the Borrower?

w money
ns. Coupons are presented to the issuer at rate is also called 'coupon rate'. and repurchased at face value, do not have

adhar card or passport, voter card or social to the issuer, will get interest and principal.

borrow money
, Sovereign bonds (संघर्ष बांड), Kisan Vikas

inclusion lecture)
मयन दर्जे की प्रतिशतिया) because repayment give lower interest rate because of low risk

to sovereign bonds. "AAA" is the best and rating is "BAA" = moderate risk of default. Fitch, Moody's and Standard & Poor have agencies do not give adequate upgradation to

the Govt bonds of India, China, Russia despite the economic growth. So, India has proposed the BRICS group to set up its own independent credit rating agency.

15.4.3 Bonds by Modern day Govt. to curb Gold Consumption

⇒ Real Interest Rate (वास्तविक व्याज दर) = Nominal (नामित) Interest minus Inflation.

⇒ When Real Interest is negative, purchasing power ↓ despite increase in money quantity in bank account. Then people prefer to park money in gold/real estate- which

PENDING

Long term debt → Govt → Inflation indexed bonds: what and why?



1st Jan

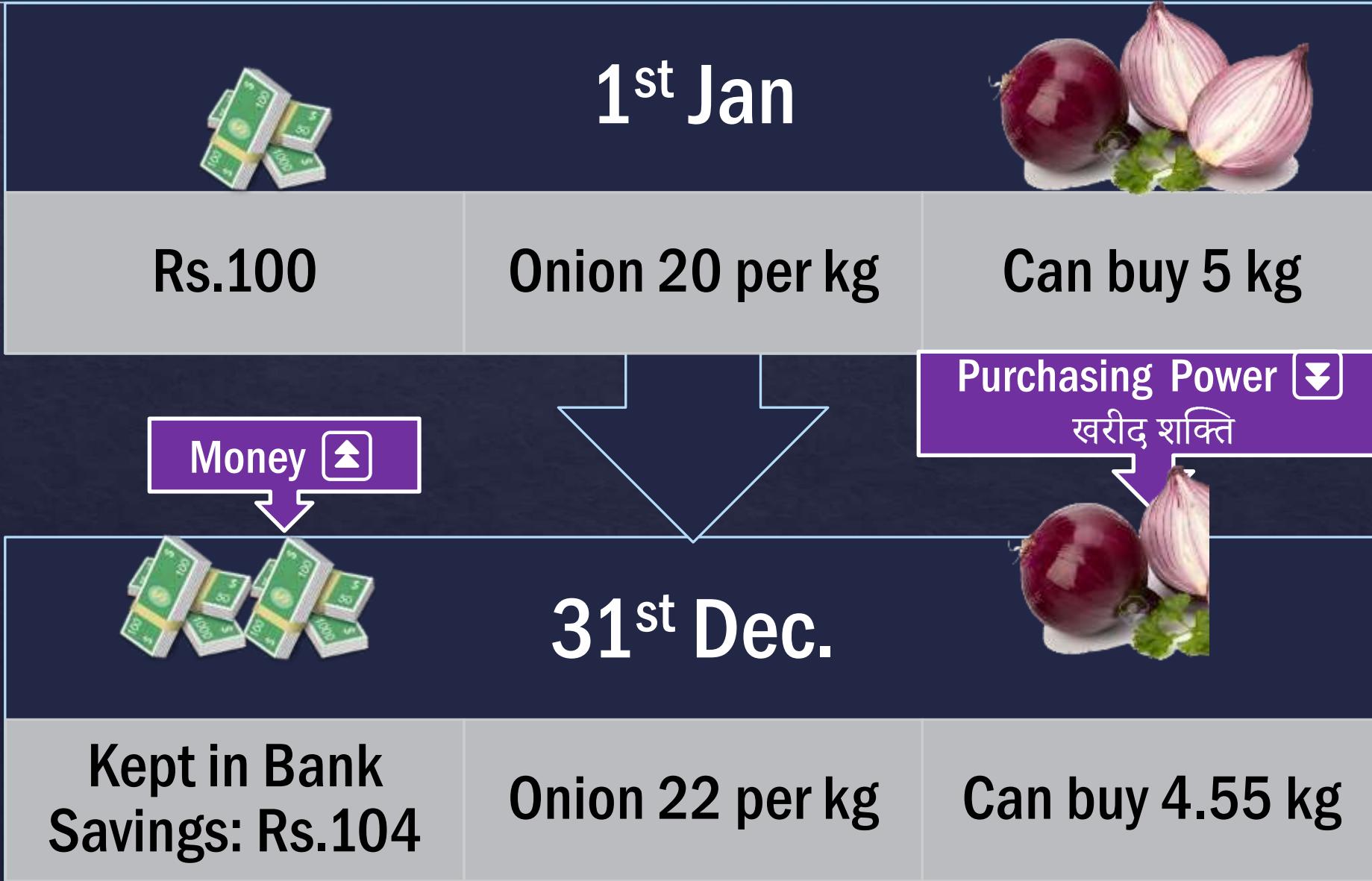


Rs.100

Onion 20 per kg

I Can buy 5 kg

Long term debt → Govt → Inflation indexed bonds: what and why?



अगर मैं बैंक में पैसों की बचत करूं तो पैसों की मात्रा तो बढ़ेगी लेकिन यदि महंगाई बहुत ज्यादा बढ़ी तो मेरी खरीद शक्ति

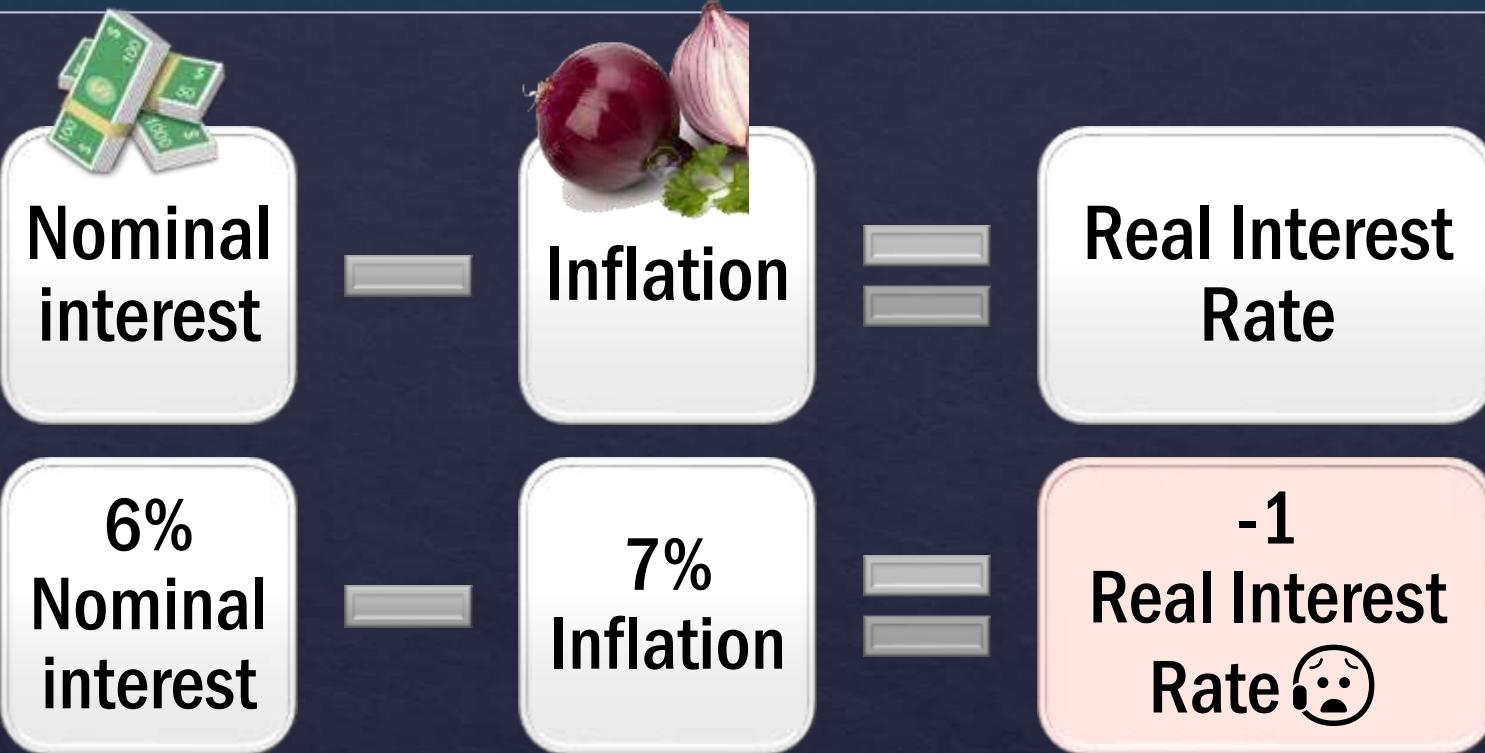
↑ ↑ ○ ○
↓ ↓ ☹ ☹

How to measure it objectively?

किसी निवेश पर हमको महंगाई के सामने रक्षण मिलेगा कि नहीं उसका आकलन कैसे करें?



SBI fixed deposit



कोई बेवकूफ ही बेक मे
पैसा रखेगा
हम तो चले gold
खरीदने



% increase in one year



Savings in Gold



Inflation

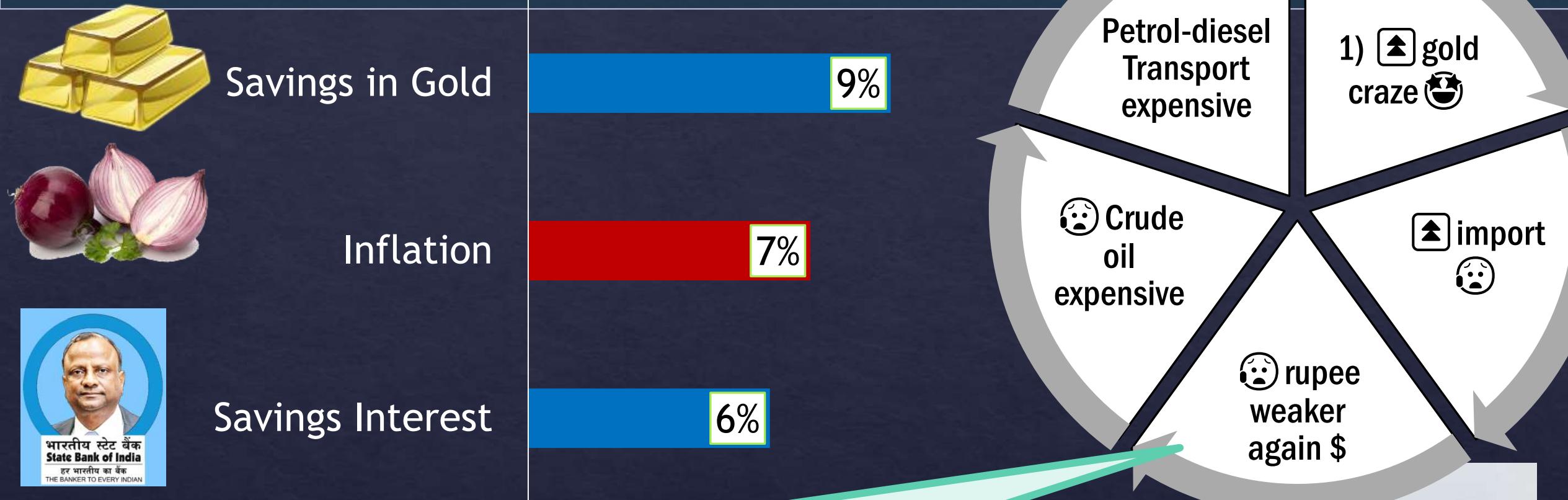


Savings Interest

- ये देखो बैंक में पैसा रखा तो खरीद शक्ति कम हो जाएगी! 😠
- I'll invest in gold where I can hope to my 'real purchasing power'. सोने में निवेश करुं



% increase in one year

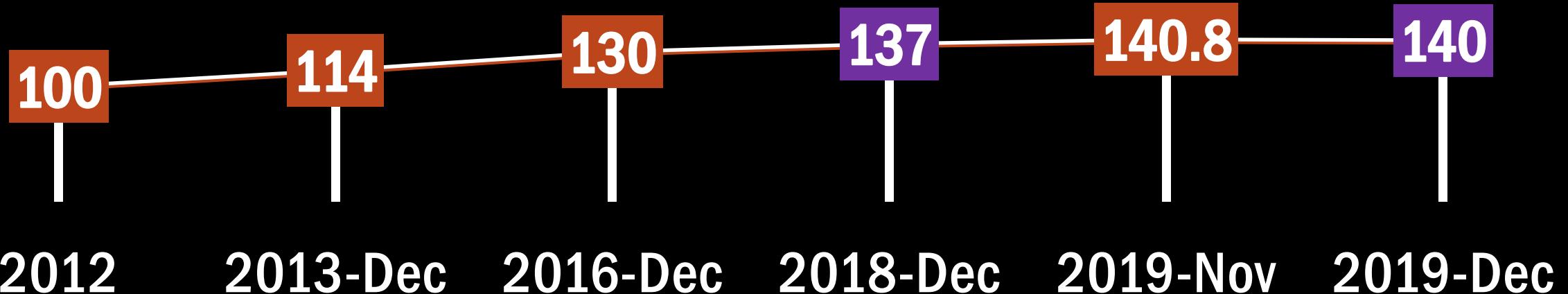


- हालांकि जनता भरपूर माला में सोना खरीदना शुरू करें तो वह अर्थतंत्र में नुकसानी पैदा करता है क्योंकि



Consumer price index (CPI) released monthly: % inflation is measured annual basis

उपभोक्ता मूल्य सूचकांक: पिछले साल के इसी महीने के मुकाबले महंगाई कितनी बढ़ी है



$$CPI \text{ inflation (Dec19)} = \left(\frac{140 - 137}{137} \right) * 100$$

यानि की 2019-Dec में मँहगाई-दर (rate of inflation)
पिछले साल की तुलना में 2.18% बढ़ी है

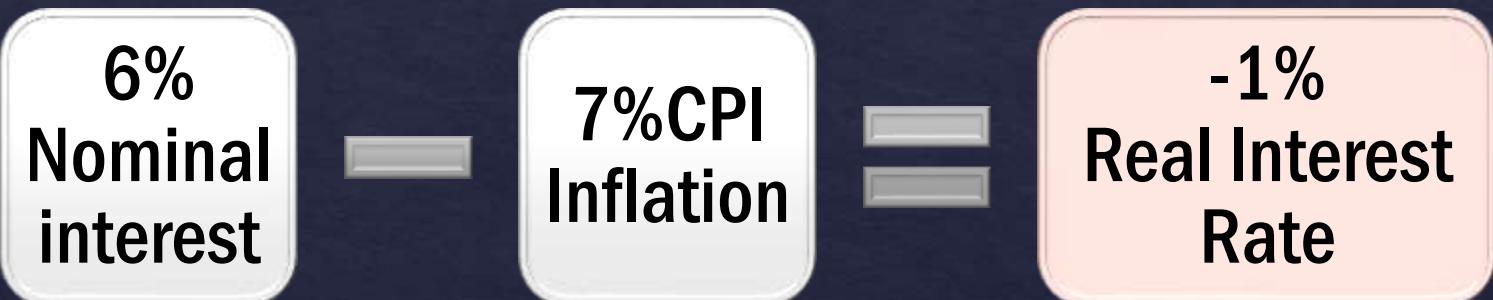
2013: Inflation indexed bonds



SBI fixed deposit



Inflation Indexed Bonds



Whatever is the inflation, I'll pay 1.5% extra

राजन भाई बोल
रहे हैं जितनी भी
महंगाई दर होगी
उससे 1.5%
प्रतिशत ज्यादा
ब्याज देंगे





Given in your handout

Debt Instruments → Long term → based Objective

दीर्घावधि के ऋण पत्र का वर्गीकरण उद्देश्य के हिसाब से करें



Money Market <1 year



Capital Market
1/> year



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Sovereign Gold Bond



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Based on who is the Borrower?

w money
ns. Coupons are presented to the issuer at regular intervals. This rate is also called 'coupon rate'. When repurchased at face value, do not have

adhar card or passport, voter card or social security card. One who is issued to the issuer, will get interest and principal.

to borrow money
,, Sovereign bonds (संघर्ष बांड), Kisan Vikas

नियम दर्ज की प्रतिशतिया) because repayment is guaranteed by the govt. give lower interest rate because of low risk

' to sovereign bonds. "AAA" is the best and "CCC" is the worst rating. "BAA" = moderate risk of default. Sitch, Moody's and Standard & Poor have proposed to set up its own independent credit rating agency.

15.4.3 Bonds by Modern day Govt. to curb Gold Consumption

⇒ Real Interest Rate (वास्तविक व्याज दर) = Nominal (नामित) Interest minus Inflation.
⇒ When Real Interest is negative, purchasing power ↓ despite increase in money quantity in bank account. Then people prefer to park money in gold/real estate- which is not very beneficial to economy. So..

Inflation → excessive gold investment= bad. So, Sovereign Gold Bond (2015)

जनता महंगाई से बचने के लिए सोने में ज्यादा निवेश करें उस चीज को रोकने के लिए

Issued on
Government's behalf



1) Not giving /keeping real gold, simply linked price with gold.



2) Denomination

10 gms gold
(=Rs.26k)



3) Annual ~2.75% interest



- बाजार में **10gm** सोने का जो भाव चल रहा है
- उस भाव पर आपने ये कागज का बांड खरीदना है
- असल में रिजर्व बैंक आपको सोना  नहीं दे रही है

Inflation → gold investment= bad. So, Sovereign Gold Bond (2015)

Issued on
Government's behalf



10 gms gold
(=Rs.26k)



Annual ~2.75% interest
(on ₹26k) वार्षिक व्याज



RBI

Shaktikanta Das

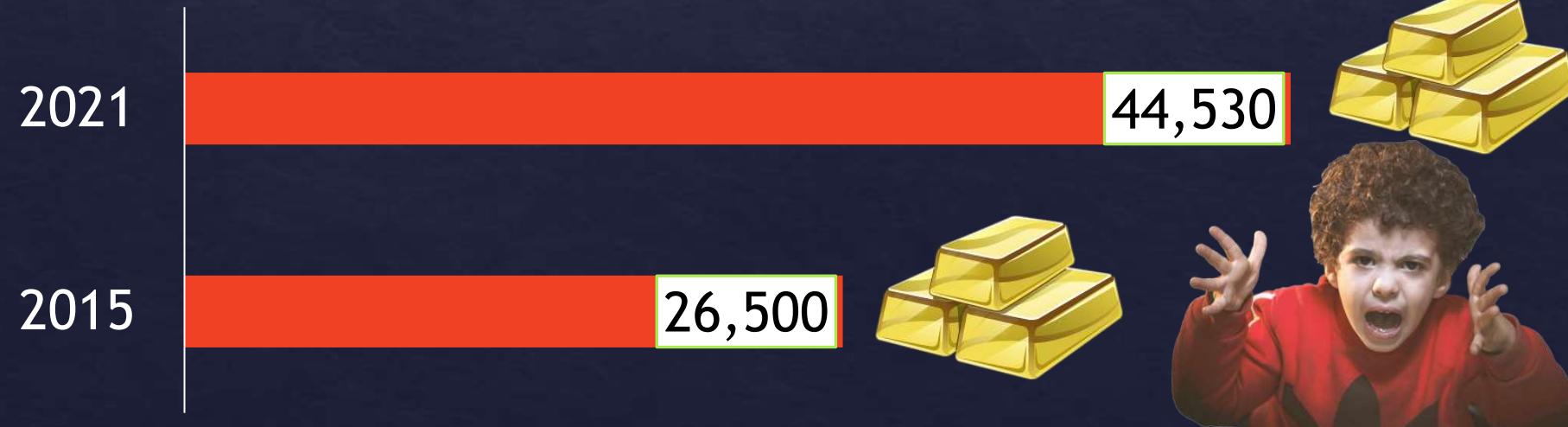
10 gms gold
(=latest price)

2) now I need not buy physical gold
because same type of profit given to me
अब मैं सोना नहीं खरीदूँगा क्योंकि उतना ही मुनाफा
मुझे इधर से मिलेगा 😊 😊

- 1) Mature @8 years.
- At that time if 10gm gold price is ₹46k, you get ₹46k. परिपक्वता के वक्त सोने का जो भाव होगा उतना पैसा आपको देंगे

Moral outrage is unnecessary.

- ❖ Why would anyone invest in Gold Bond where hardly 2.75% interest is given whereas bank gives 3-4% on savings account?
- ❖ Because principal is expressed in gold grams. So, If gold price , then you get more 'money' in the end.
- ❖ RISK: if gold price  then less principal.



सोने का भाव बढ़ा तो
बांड की मुद्रा/मूलधन
में ज्यादा पैसा मिलेगा

अगर गिर गया तो
मूलधन से कम पैसा
मिलेगा

Debt Instruments → Long term → based Objective



Money
Market <1 year



Capital Market
1/> year



Inflation Indexed



Sovereign Gold Bond



Panda & other
Animals



Elephant Bond



Masala, Maharaja, Panda Bond
Masala Bonds: These rupee denominated bonds issued outside India, to borrow money for Indian companies. World Bank's sister agency International Financial Corporation (IFC) has issued Masala Bonds to public sector & pvt sector companies.

such Masala Bonds.
NHAI also issued Masala Bonds in London for Highway projects.
issue Masala Bonds. Its Kerala Infrastructure Bond at the London Stock Exchange.
Tenure: 5 years. Masala Bonds are usually KIIB has BB rating, hence offered higher



Consol Bonds



Surety Bond



Social Impact
Bond



Green/Blue
Bond

| In currency → | Is called |
|-------------------|----------------|
| Renminbi (=yuan) | Panda Bonds |
| Australian dollar | Kangaroo Bonds |
| Rupee | Maharaja Bonds |
| Rupee | Masala Bonds |

Other Special purpose Bonds
In 1917, Govt had issued Consol bond.

⇒ Consol bonds have no maturity date. They are perpetual bonds that paid 4-5% interest rate, for an infinite time period. Thus, they're Irredeemable Bonds (अमोद्य).

⇒ However, in reality, the Government may redeem(/buyback) the bonds after certain years, by paying principal to the investor.

⇒ Some economists suggesting Indian govt should issue Consol Bonds for Post-corona economic revival. (अर्थव्यवस्था को सुरक्षित करने के लिए)



Catastrophe
Bond



Electoral Bond

Panda bond?



Who is borrowing

Non-Chinese
e.g. Pakistani

**Where are they
issuing bond?**

China

Currency format?

Chinese Yuan
Renminbi

Panda bond?



Similar pattern pe
Kangaroo Bonds (Aussie)
Maharaja Bonds (India)
= refer to Handout

Who is borrowing

Non-Chinese
e.g. Pakistani

**Where are they
issuing bond?**

China

Currency format?

Chinese Yuan
Renminbi

In pillar#3 we'll learn World Bank group (5org) → Intl. Finance Corporation (IFC),
Washington. → to help companies in 3rd world (public & private sector)



Will exchange his \$ → ₹ from
somewhere to invest here

1) *Masala Bond*
“Offshore Rupee bond”



यह IFC अंतरराष्ट्रीय संस्था भारत जैसे तीसरे विश्व के देशों की
सरकारी और निजी क्षेत्र की कंपनियों को कर्ज में मदद करती है

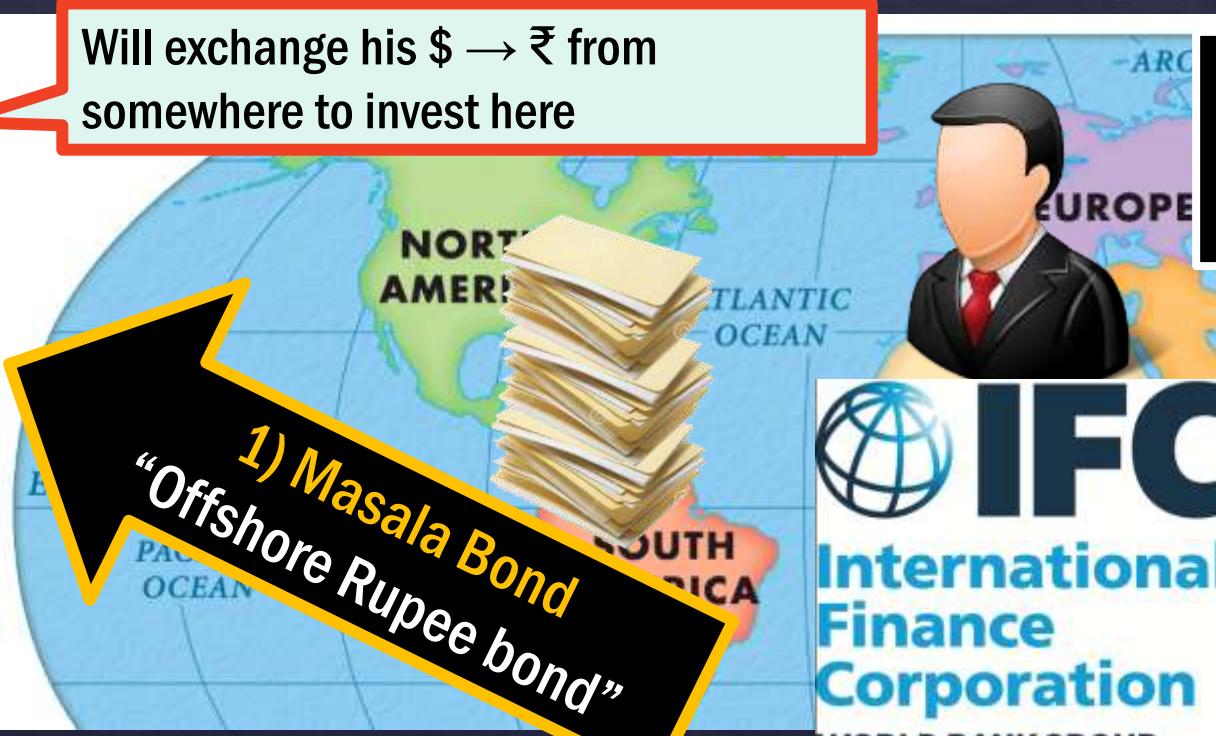
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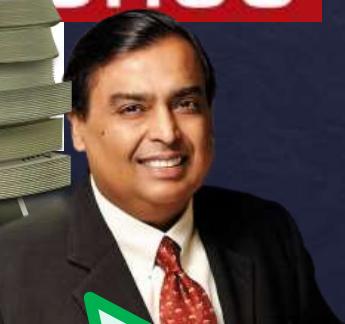
Will exchange his \$ → ₹ from somewhere to invest here



1) *Masala Bond*
“Offshore Rupee bond”



भारत के बाहर विदेशी निवेशकों को रुपए मुद्रा में बांड बेचे जाएं



2) *Loan that money*

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Repays in ₹₹

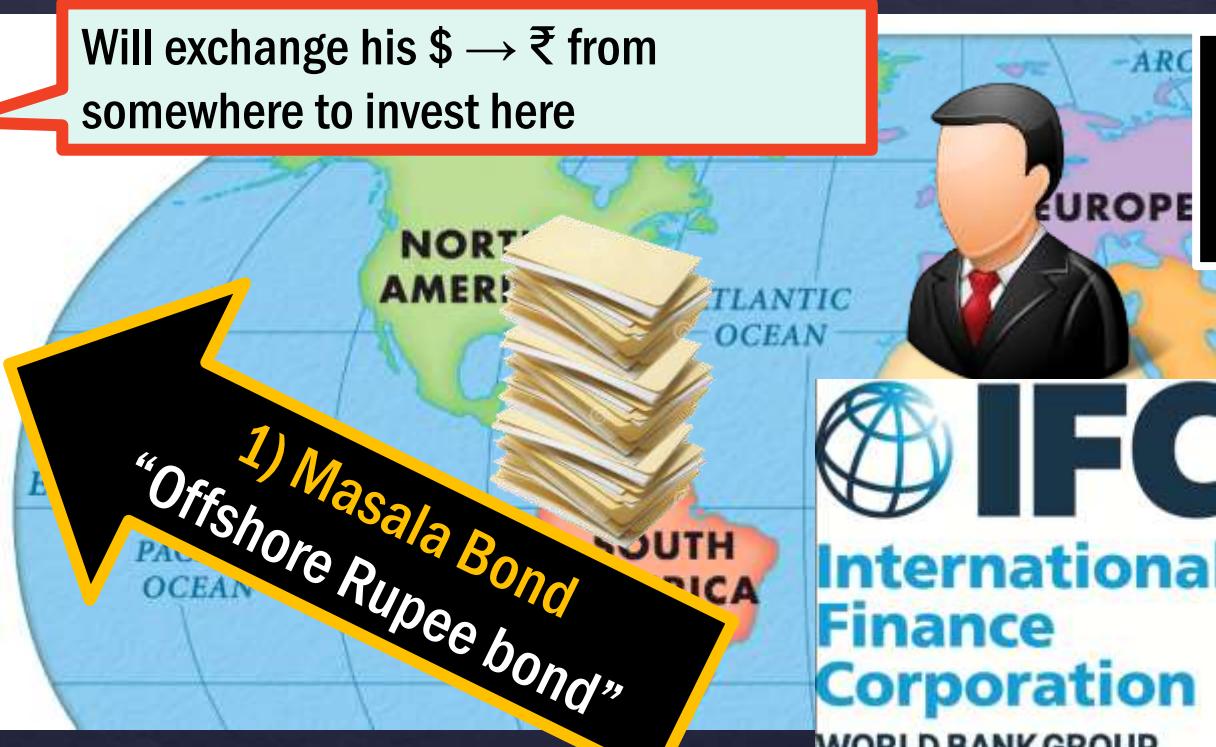
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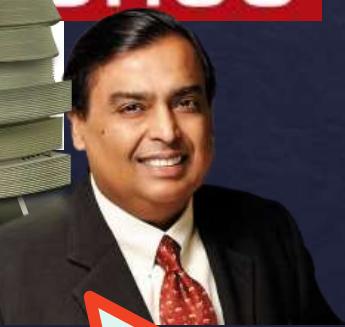
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2) *Loan that money*

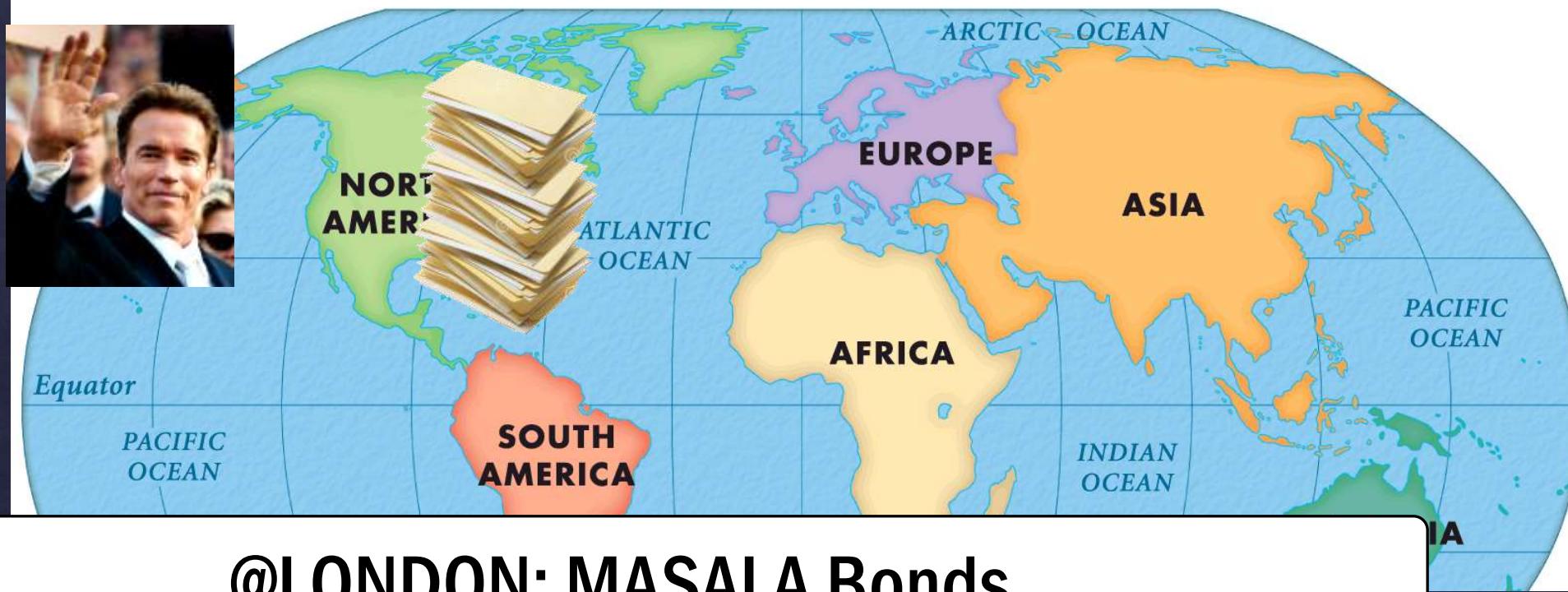
3) 💰 💰 Benefits to Indian company?

- ✓ Rupee repayment so need not worry about dollar exchange rate.
- ✓ IFC backed = “AAA” rating, so don't have to pay high interest

Repays in ₹₹

MASALA Bond = issue outside India, in ₹₹ currency.

भारतीय कंपनी को कर्ज दिलवाने के लिए, भारत के बाहर, रुपए मुद्रा में जारी करो



@LONDON: MASALA Bonds

NHAI's masala bonds for highway

IREDA's 'green' masala bonds

Kerala: 1st state govt to issue (2019)



समज मे आया हो तो ठीक, नहीं तो...



15.4.6 📈⌚ Long Term Debt Instruments: Masala, Maharaja, Panda Bond

⌚ Masala Bonds: These rupee denominated bonds issued outside India, to borrow money for Indian companies. World Bank's sister agency International Financial Corporation (IFC) launched 'Masala Bonds' to help Indian public sector and pvt sector companies.

- ⇒ 2015: RBI allowed Indian entities to launch such Masala Bonds.
- ⇒ 2017: National Highways Authority of India (NHAI) also issued Masala Bonds in London Stock Exchange to mobilize money for Indian Highway projects.
- ⇒ 2019-May: Kerala became the first state to issue Masala Bonds. Its Kerala Infrastructure Investment Fund Board (KIIFB) issued Masala Bond at the London Stock Exchange. Denomination: ₹ ₹ Total Size: ₹ 21.5 billion. Tenure: 5 years. Masala Bonds are usually issued by institutions with AAA rating. Since KIIFB has BB rating, hence offered higher interest rate: ~9.7% (वरना कोई खरीदता नहीं)

Table 2: rapid revision table for Bond types based on currency

| Issuer → | Borrowing from → | In currency → | Is called |
|---|------------------|-------------------|----------------|
| Non-Chinese → | China → | Renminbi (=yuan) | Panda Bonds |
| Non-Australian | Australia | Australian dollar | Kangaroo Bonds |
| Non-Indian | India | Rupee | Maharaja Bonds |
| (Indian or a non-Indian on behalf of Indians) | Outside India | Rupee | Masala Bonds |



रट्टा मारो जिदाबाद...

Long live the Rote Learning



(Proposed) Elephant Bonds → black₹ for infra Development

- ◆ 2019: Commerce ministry's Dr. Surjit S. Bhalla Committee 'to improve India's share in global trade' suggested
- ◆ 'Elephant Bonds'. Tenure: 25-years.
- ◆ People declaring black money will be required to invest x% of their blackmoney it. (more in Pill2)
- ◆ ₹ ₹ to be used only for export infrastructure
- ◆ Practical details yet to be worked out. असल में यह लागू होना अभी बाकी है सिर्फ प्रस्ताव के स्वरूप में



Tax evader
surrendering black
money
जेल से बचना है तो
ताऊजी तो काला धन इस
बॉन्ड में निवेश करो



Debt Instruments → Long term → based Objective



Money
Market <1 year



Capital Market
1/> year



Inflation Indexed



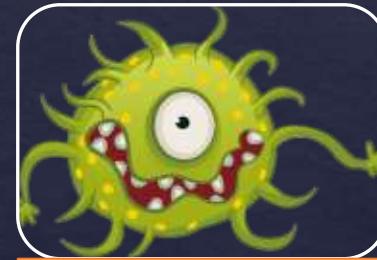
Sovereign Gold Bond



Panda & other
Animals



Elephant Bond



Consol Bonds



Surety Bond



Social Impact
Bond



Green/Blue
Bond



Catastrophe
Bond



Electoral Bond

s Dr. Surjit S. Bhalla Committee 'to trade' suggested 'Elephant Bonds': bring Black Money will be required toly for infrastructure projects.

ees/premium to party#2 insurance gives him a surety bond. ty bond to party#3 Highway Ministry. shing project within prescribed time- company will pay ₹ to Highway

es are not allowed to issue surety bonds surance regulator) has set up a same is not greatly imp-for-exam- control, environment friendly projects. ed by World Bank (2007) ed by Yes Bank (2015) Bank) issued Yuan- denominated green

- Indian Renewable Energy Development Agency (IREDA) launched India's first Macala Green Bond at London Stock Exchange (2018).

money borrowed for climate resilient E.g. 2018- Seychelles issued world's ne protected areas and fisheries sector. is such bond. Investor is promised with

ns, his principal will not be returned. principal will be returned.

irth Women's Livelihood Bonds (महिला world Bank, UN Women org etc.

High Net worth Individuals (HNI), interested in 'indirect' social service interest rate for tenure of 5 years. → Micro Finance Institutes (MFI) → entrepreneurs in sectors like food es etc.

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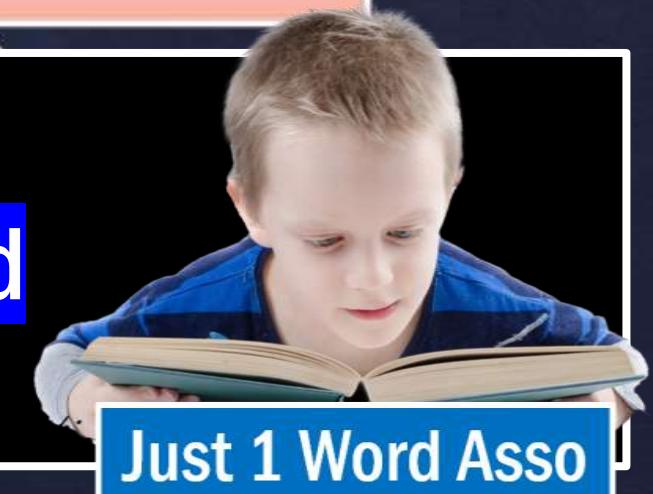
Handout uploaded



CONSOL Bonds – a type of irredeemable bond

| Bond Type | Redeemable Bonds (मोच्य) | Irredeemable Bonds (अमोच्य): |
|--|---|---|
| Interest Returned ब्याज वापस होगा | <input checked="" type="checkbox"/> <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> <input checked="" type="checkbox"/> |
| Principal Returned मूल धन वापस होगा | <input checked="" type="checkbox"/> <input checked="" type="checkbox"/> |  |

- Experts suggested
- Indian Government should issue **Consol bond**
- to gather money for fighting Corona



Debt Instruments → Long term → based Objective



Money
Market <1 year



Capital Market
1/> year



Inflation Indexed



Sovereign Gold Bond



Panda & other
Animals



Elephant Bond



Consol Bonds



Surety Bond



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Handout uploaded

Present system-सरकारी हाईवे बनाने के लिए अर्जी डालने हो तो ठेकेदार ने बैंक गारंटी देनी होती है



2) Contractor will be required to
present 'Bank guarantees' to Govt

1) Contractor given task to finish Govt
highway project

3) fees



Bank guarantee
*If Contractor not finishing highway in req.
time/quality = we'll pay ₹.* यह ठेकेदार नहीं वक्त पर
काम खत्म नहीं किया तो हम मुआवजा देंगे



Present system

3) fees



2) Contractor will be required to present 'Bank guarantees' to Govt

1) Government invites tender to build a highway & selects this contractor among the applicants



भारतीय स्टेट बैंक
State Bank of India
हर भारतीय का बैंक
THE BANKER TO EVERY INDIAN

If Contractor not finishing highway in
req. time/quality = we'll pay ₹



Corona crisis

- Already problems in loans.
- These contractors not finishing highways on time. ठेकेदार काम खत्म नहीं करेंगे bank नुकसान होगा 😢
- = more business risk, cash flow management problems.

HOW=NOTIMP.

- Please ask insurance companies to do this work. बैंकर बोल रहे हैं कि बीमा कंपनियां यह काम करें हमसे ना हो पाएंगा

(proposed) Surety Bond: it has 3 parties



1) Contractor will be required to present 'Surety Bond' to Govt

2) Fees



3) Surety Bond
If Contractor not finishing highway in req. time/quality = we'll pay ₹



4) IRDAI (insurance sector)
regulator to regulate this



Debt Instruments → Long term → based Objective



Money
Market <1 year



Capital Market
1/> year



Inflation Indexed



Sovereign Gold Bond



Panda & other
Animals



Elephant Bond



Consol Bonds



Surety Bond



Social Impact
Bond



Green/Blue
Bond



Catastrophe
Bond



Electoral Bond

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 - (c) Asset loans
 - (d) Gold loans

Handout uploaded

Social Impact Bonds (सामाजिक प्रभाव बांड)



- 1) With help of World Bank,
- 2) UN women org.

2) Women's Livelihood Bonds
3% per year @5yrs

3) Impact investors, HNI: total ₹300 cr



मुनाफा भी और समाज-सेवा भी

Social Impact Bonds (सामाजिक प्रभाव बांड)



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मुनाफा भी और समाज-सेवा भी

4) to Microfinance institutes (MFI)



5) Individual women entrepreneur

Skill Impact Bond

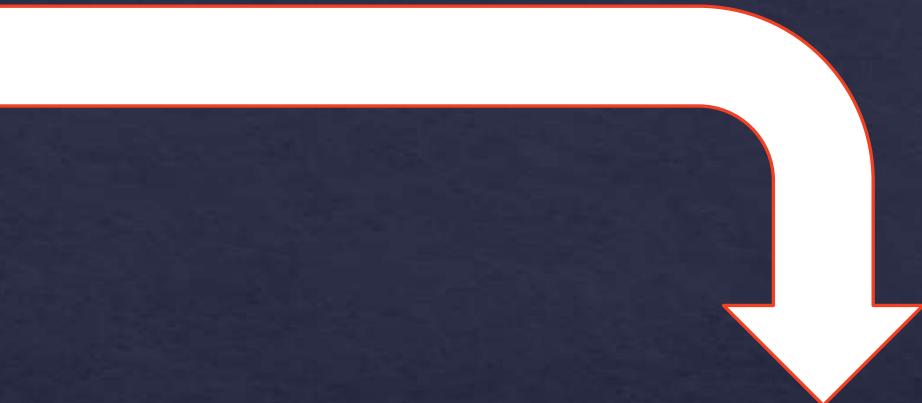
Some Global
Organizations
&



Impact investors: \$14 million



मुनाफा भी और समाज-सेवा भी





1) Principal invested



2) Social Service





3) Zero coupon Zero
principal instrument

1) Principal invested



₹0 Principal Returned
₹0 Interest Returned

2) Social Service



स्वाभाविक है कुछ लोग भावुक हो जाते हैं 😢 some people get very emotional



But why not simply 'donate' money?

Why do this drama of - 'bond issue'

IF 0 principal and 0 interest returned?

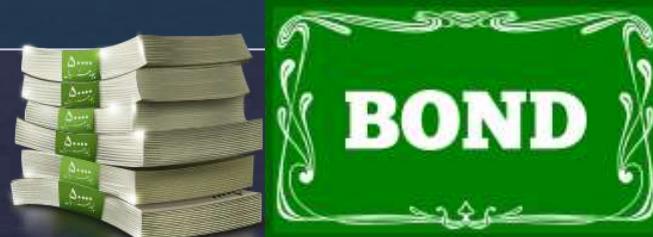


1. press release never bothered to explained
2. NITI, Economic Survey, Columnists – nobody opposed.
3. I did not bother to google.
4. Else syllabus can't be over.



Sukuk Bonds

Sharia-Compliant Islamic Bond Instruments



- ❖ How it work 
- ❖ Which currency issued? 
- ❖ Not Important.

Debt Instruments → Long term → based Objective



Money
Market <1 year



Capital Market
1/> year



Inflation Indexed



Sovereign Gold Bond



Panda & other
Animals



Elephant Bond



Consol Bonds



Surety Bond



Social Impact
Bond



Green/Blue
/ESG Bond



Catastrophe
Bond



Electoral Bond

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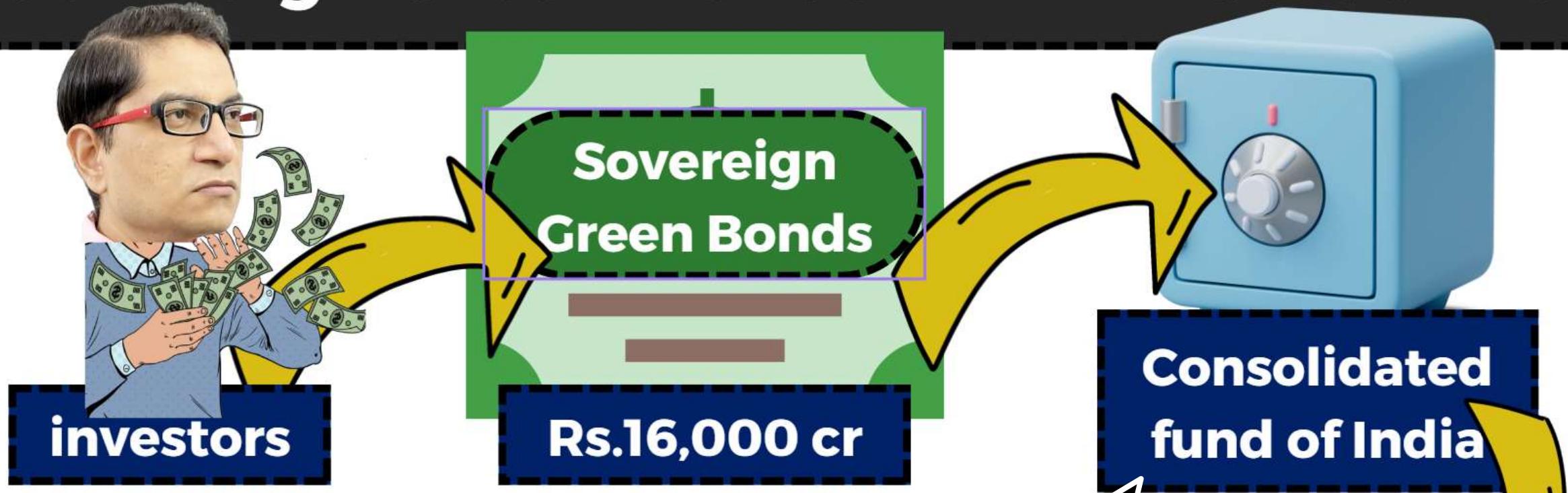
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Long term bonds for special objective:

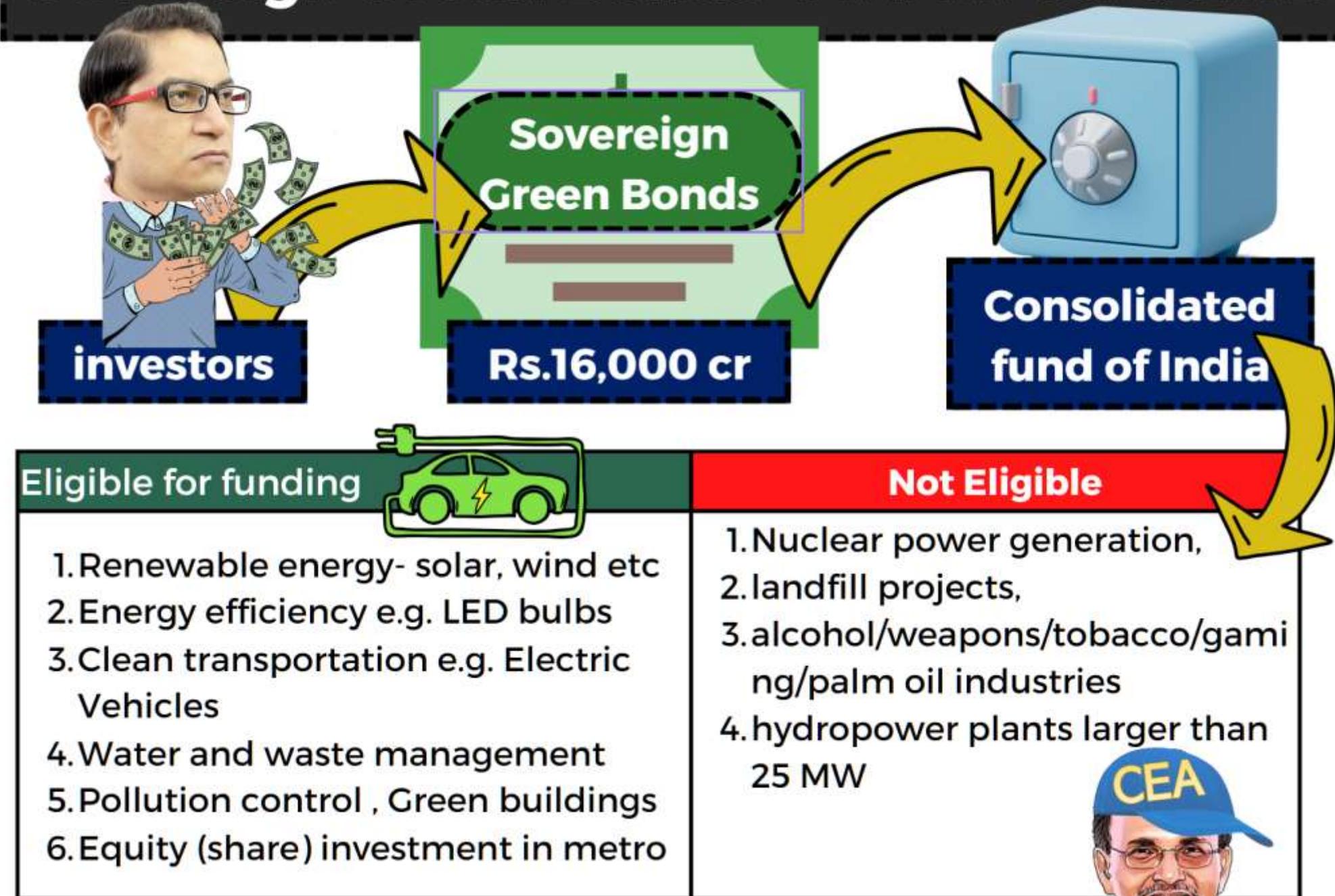


Sovereign Green Bonds- FinMin Guidelines

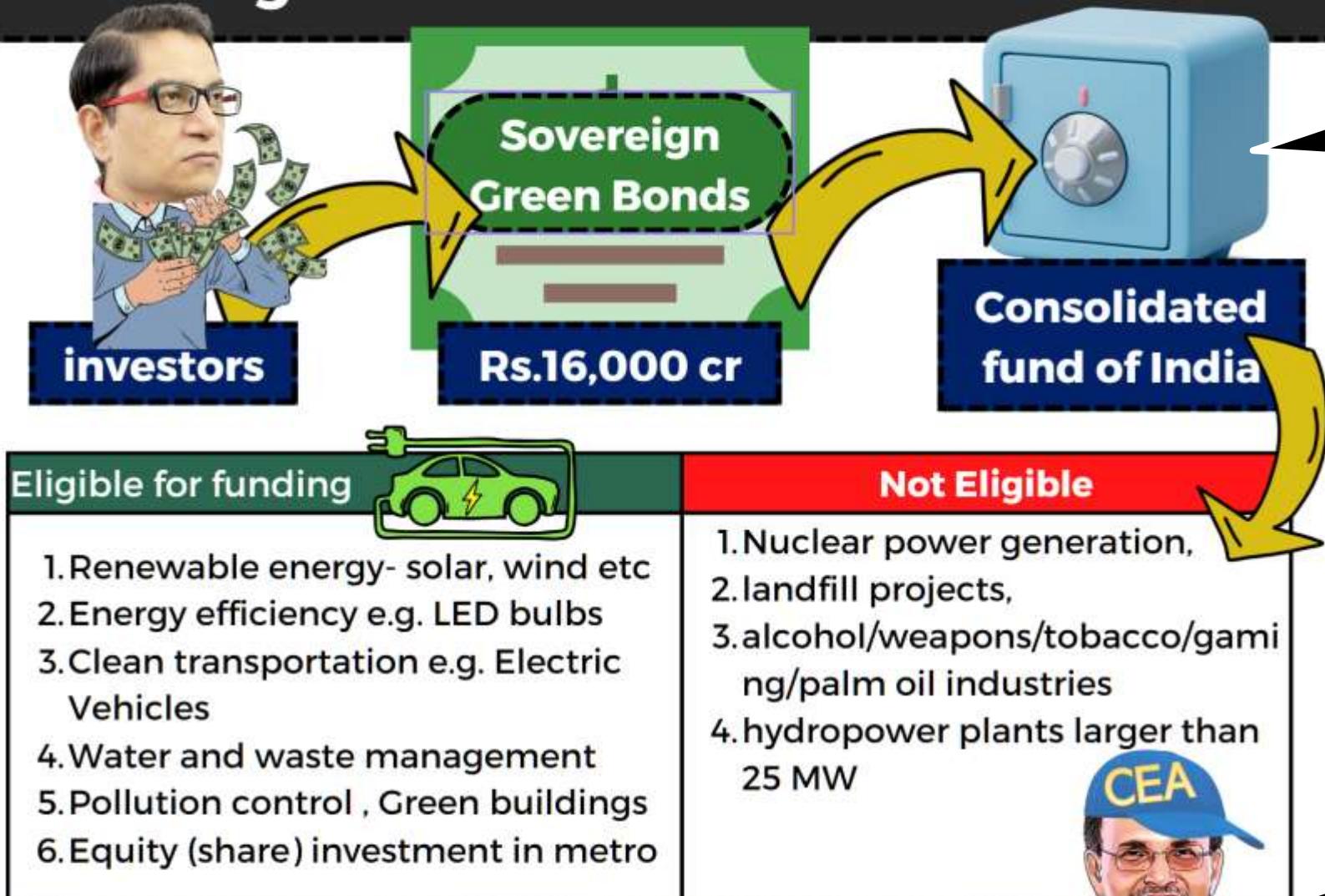


More in Pillar2A

Sovereign Green Bonds- FinMin Guidelines



Sovereign Green Bonds- FinMin Guidelines



Finance Ministry → Green Finance Working Committee (GFWC) headed by the Chief Economic Advisor (CEA) to review the projects



Nageswaran

More in
Pillar2A

More in
Pillar2A

Environmental, Social and Governance (ESG) Bonds



Morgan
Stanley

Goldman
Sachs



investor

ESG Bonds

NBFC

will u give
loans to my
company



Environmental, Social and Governance (ESG) Bonds



investor

ESG Bonds

Morgan
Stanley

Goldman
Sachs

NBFC



NO!



- If Myanmar Dictators' mining companies →
- forced labour of Rohingya Refugees. → Adani purchasing coal ? → bad on environment, Social governance



Debt Instruments → Long term → based Objective



Money
Market <1 year



Capital Market
1/> year



Inflation Indexed



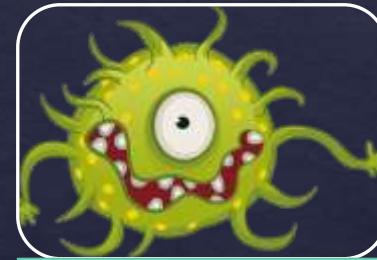
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Handout uploaded

Catastrophe Bond (आपदा)



Bond Type

If there is no disaster

If there is disaster

Interest Returned

व्याज वापस होगा



Principal Returned

मूल धन वापस होगा



प्राकृतिक आपदा होगी → तो मूलधन वापस नहीं करेंगे



Debt Instruments → Long term → based Objective



Money
Market <1 year



Capital Market
1/> year



Inflation Indexed



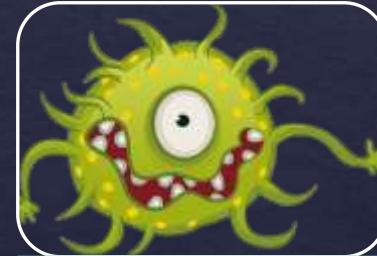
Sovereign Gold Bond



Panda & other
Animals



Elephant Bond



Consol Bonds



Surety Bond



Social Impact
Bond



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Catastrophe
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Electoral Bond



Electoral Bond



दू. की विकास टुको के पता न चले।
Dept. of Economic Affairs, Finance Ministry
Value at present, and in multiples of Rs.1,000,
Rs.1,00,00,000.
quarter. (January, April, July and October).
can sell for another 30 days.
Company registered in India → deposit money
Electoral Bond, after giving certain KYC
Right anonymously or directly with cash.

Representation of the People Act 1951 (RPA: लोक-प्रतिनिधित्व अधिनियम) and which
Sabha or Vidhan Sabha elections.

of purchase. Within that time, buyer must
its SBI (current) bank account. No interest
र)

/ electronic format).
nt's name not mentioned),
er money in bank account)
ero interest payable to anyone).
edge it for loans.

प्रजनातिक चंदे में पारदर्शिता।
क money in election, (काले धन का प्रभाव)
can give to any political party without his
, local goons etc. knowing the name of
पनीयता)

15.4.9 ↗: Bond Yield, Yield Inversion, Negative Yield
Ref Pillar#1A2: RBI's Monetary Policy → Operation Twist

Short term but
special objective

Budget 2017: donations to political parties-

अगर राजनीतिक पक्ष ने ₹2000 से ज्यादा रुपए चंदा नगदी लिया तो आयकर लगेगा

1) I want to donate ₹
₹ to political party



2) Cash donation Upto
₹ 2k only (IT Act)

3) so, If u want to donate higher amt,
then cheque, DD, NEFT...and we'll
issue electoral bonds.

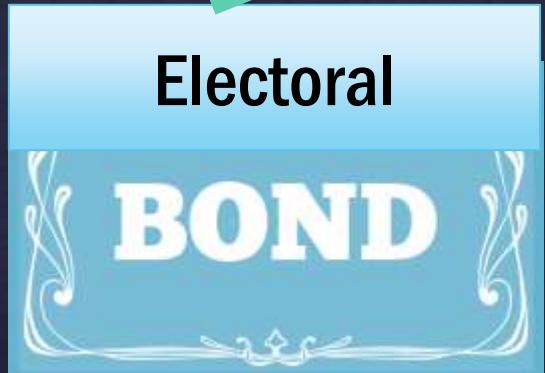
3) As such political parties exempt from
income tax. But if they accept >2k in cash
donation then income tax applicable



Electoral Bonds 2018



मैं राजनीतिक पक्ष को चंदा
देना चाहता हूं



2) Give to ur favorite party



3) Deposits in SBI



4) SBI transfer ₹₹

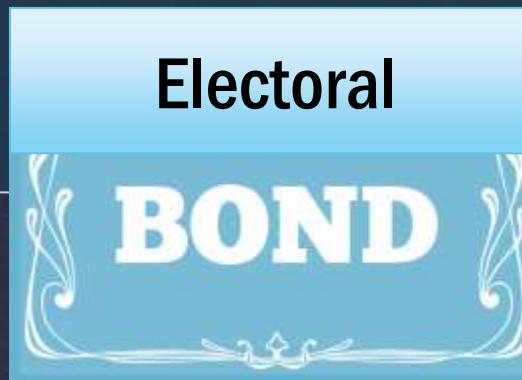


1) Buy from SBI



Electoral Bonds 2018

हम नहीं खरीद सकते



1) Dept of economic affairs notified that only SBI can sell it...

3) Who can buy?

- Indian Citizens. (✋ NOT Residents e.g. Alia Bhatt)
- Companies incorporated in India. + KYC Docs.

4) How? Ans by bank money only. ✋ Not by CASH directly.

- first open CA/SA account deposit in any bank
- → Deposit cash → from that CA/SA account → issue cheque/NEFT etc order to buy Electoral bond



हम खरीद सकते हैं

2) Available only @SBI's selected branches in some cities.

Electoral Bonds 2018



Donate within 15 days

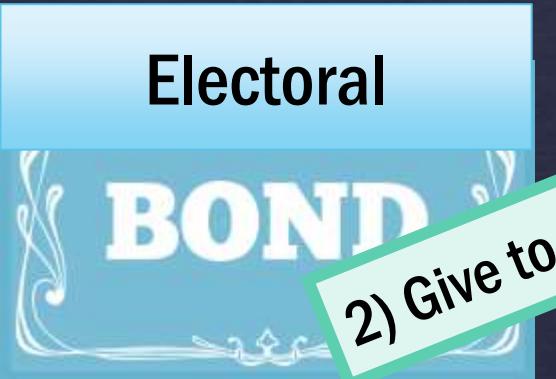


- ₹1k to ₹1 crore (10x multiple).
- Want to donate 500 cr= 1cr x 500 Nos
- Only physical format. सिर्फ कागजी स्वरूप में
- Not in digital / electronic format

Available only @SBI's
selected branches



Electoral Bonds 2018



2) Give to ur favorite party



3) Deposits in SBI



4) SBI
transfer ₹₹



Political Party (चंदे में मिले इस पैसे को निकालेगी कैसे)

- Must open current account with SBI
- Must deposit Electoral bond within 15 days from sale.
- Electoral Bond a **Promissory note**- short term tenure, promises to give money (ofcourse without interest)



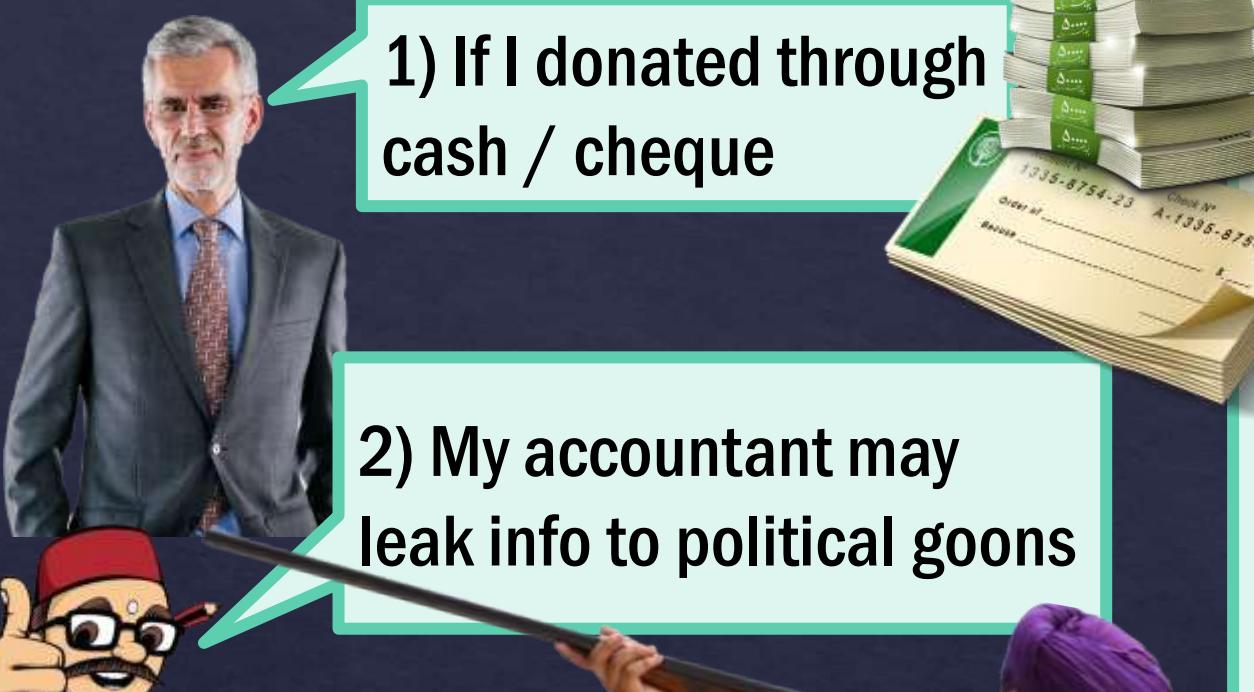
1) If I donated through
cash / cheque

2) My accountant may
leak info to political goons

3) Goons from other
political party harass me.

दूसरी पार्टी को क्यों ₹₹ दिया
हमारी पार्टी को क्यों नहीं दिया?





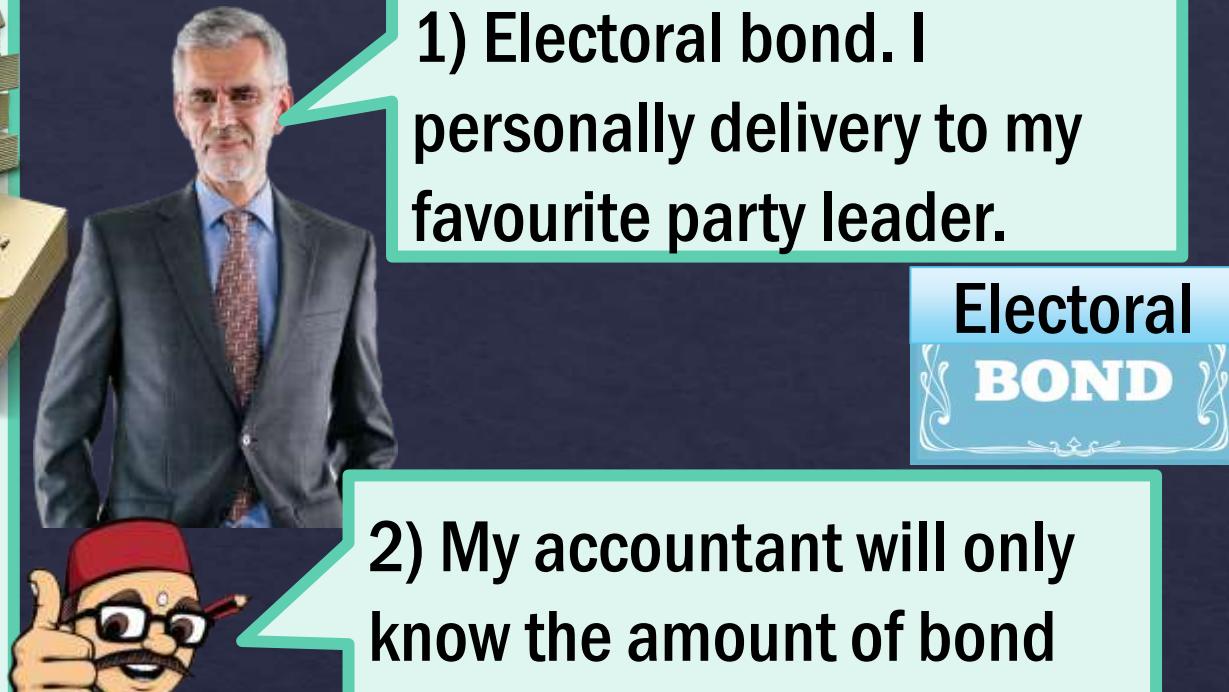
1) If I donated through
cash / cheque



2) My accountant may
leak info to political goons

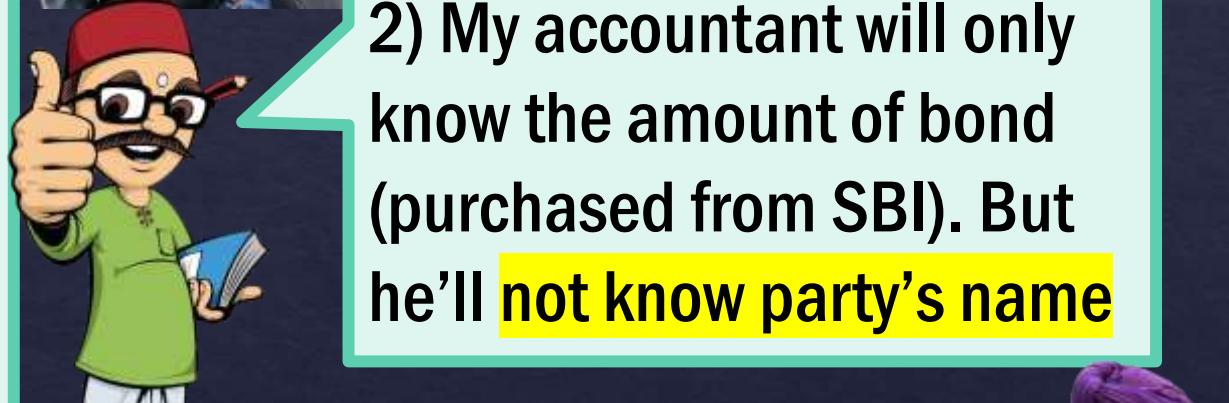


3) Goons from other
political party harass me.
दूसरी पार्टी को क्यों ₹₹ दिया
हमारी पार्टी को क्यों नहीं दिया?

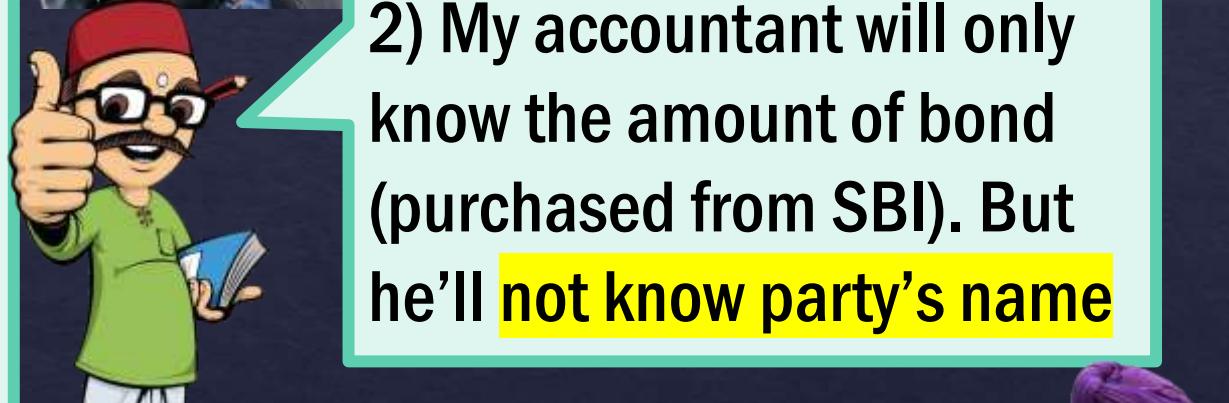


1) Electoral bond. I
personally delivery to my
favourite party leader.

Electoral
BOND



2) My accountant will only
know the amount of bond
(purchased from SBI). But
he'll not know party's name



मैंने किस पक्ष को चंदा दिया है
वह पता नहीं कर पाएगा



1) Madam-ji I'm personally delivering **this** hardcopy electoral bond worth ₹ 10 cr to you.

[Please pass my road contracts after election!]

Doesn't contain donor's name. चंदा देने वाले का नाम नहीं लिखा हुआ. दाता रूबरू नेता को देगा



2) Yes Mr. Gupta! u gave this to me in person so I'll remember you **but records will not mention your name.**



3) Deposits in SBI Account



भारतीय स्टेट बैंक
State Bank of India
हर भारतीय का बैंक
THE BANKER TO EVERY INDIAN



1) Madam-ji I'm personally delivering **this** hardcopy electoral bond worth ₹ 10 cr to you.

Doesn't contain donor's name. चंदा देने वाले का नाम नहीं लिखा हुआ. दाता रूबरू नेता को देगा



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3) Deposits in SBI Account

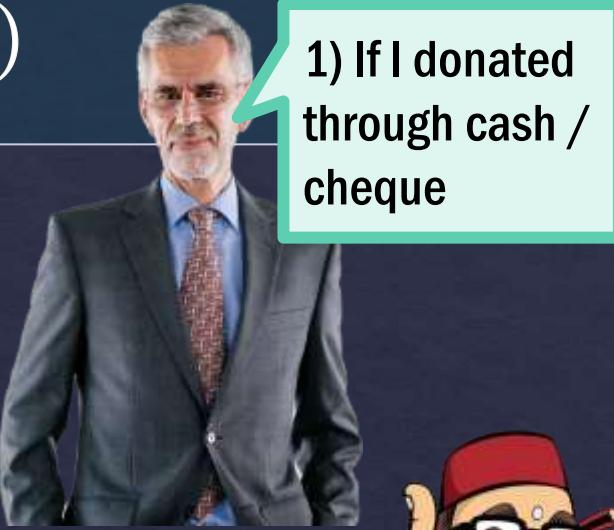


4) **Election commission (चुनाव आयोग)** can easily monitor the polity party's account for election Expenditure violations.



Benefits of Electoral bonds (चुनावी बांड)

- ◆ Confidentiality to donor. His wife, accountant, lawyer, journalist will not know which party he donated ₹₹ to. गोपनीयता मिलती है
- ◆ Companies need not disclose the recipients party's name in their annual reports (Companies Act amended). कंपनी ने भी अपने शेयरधारकों को बताने की जरूरत नहीं
- ◆ ↓ influence of cash and black money in election. (because money routed through banks) चुनावों में नगदी धन और काले धन का प्रभाव कम करेगा



1) If I donated through cash / cheque

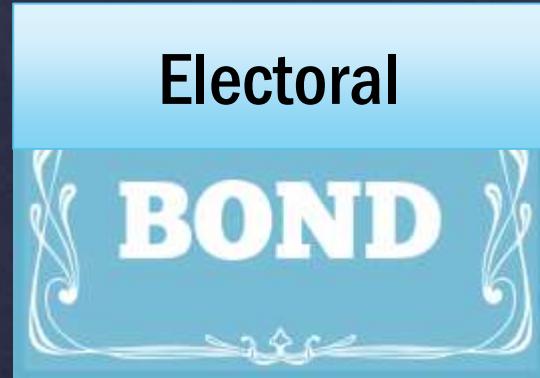
3) My accountant may leak info to political goons

A cartoon illustration of a man with a mustache, wearing a red turban and green shirt, pointing his index finger upwards while holding a book.

Those political goons could harass bizman..

What can't be done with electoral bonds?

- ❖ Bearer bond: Can't know identity of donor. of course if Mukesh Ambani personally delivering it to Amit Shah then only two of them will know. Others will not know.
- ❖ ✌ can't earn interest from it (zero-interest bonds)
- ❖ ✌ Can't pledge it for loans
- ❖ ✌ Can't sell it to third party
- ❖ ✌ Can't donate less than ₹1,000
- ❖ ✌ Can't donate to a party not registered in representation of people's Act (RPA) 1951
- ❖ ✌ Can't donate to party if it pulled less than 1% of votes in last Lok Sabha OR vidhan-sabha election



Electoral Bonds are a ‘fraud’ by BJP and PM, says Congress

Our Bureau | New Delhi | Updated on November 20, 2019 | Published on November 20, 2019

columnists

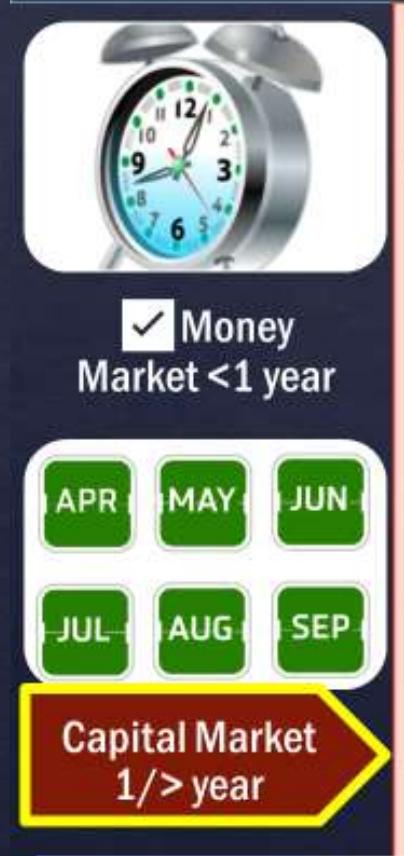
Time to end the ‘legal’ corruption of electoral bonds

Revelations show that objections of the RBI and the EC have been systematically stone-walled and ignored to bring in a first-in-the-world version of opaque political funding

Electoral Bonds: Govt pays Rs 9.53 crore as SBI commission, printing costs



Debt Instruments → Long term → based Objective



Pillar 1C: SEBI SHAREMARKET: Bonds
बांड का खेल खत्म → → अब पढ़ते हैं
शेयर्स



Q) लेकिन वह तो किसी ना किसी तरह पता चल ही जाएगा कि किसने किसको चंदा दिया है! Using “X” technique it could be found

A) Ek Tha Tiger & James Bond



Accept

15.5 EQUITY INSTRUMENTS (इक्विटी)

- ⇒ Equity holders are called owners / proprietors of the company
- ⇒ If company makes profit → they get dividend. They've been

| Keywords | Features |
|-----------------|--------------------------------|
| Ordinary shares | साधारण शेयर: have voting power |





Financial
Instruments



Debt



Equity

Now let's focus on



Audio/Video
Problem?



Edu Doubt?
Ask through

Google
Forms



(Short/Long)



Govt, pvt,
Intl. insti.



Objective /
Methods

Debt Instruments → Long term → based Objective



Money
Market <1 year



Capital Market
1/> year



Inflation
Indexed



Sovereign Gold
Bond



Panda & other
Animals



Elephant Bond



Consol Bonds



Surety Bond



Social Impact
Bond



Green/Blue
Bond



Catastrophe
Bond



Electoral Bond



Financial
Instruments



Debt



(Short/Long)



Govt, pvt,
Intl. insti.



Objective /
Methods

Audio/Video
Problem?



CTRL R

Edu Doubt?
Ask through



Handout Pg 171 onwards



| | |
|---------------------|--|
| | Last claim during liquidation. |
| Preferential Shares | अधिमान्य शेयर: During liquidation, these investors will be given money before the ordinary shareholders. Further subtypes:i) with voting power ii) without voting power. |
| Sweet Equity | Shares given @discount to directors & employees for their value addition to company [Amount is regulated under Companies Act] |
| Penny stocks | Shares whose market price remain excessively low compared to its face value. Such pathetic companies give zero or little dividend. |

| | |
|--|--|
| | Nationally recognized, well-established and financially strong startup companies with a history of generating good dividend. |
| | Helping startup companies out of his hobby, passion, & time pass. e.g Ratan Tata in Urban Ladder app. |
| | / equity / hybrid) |

| | |
|--|--|
| | Pillar#2: Angel Tax in Budget/blackmoney |
| | Up company with goal of acquiring the company or its later date. |



Share Types &
Basics



IPO-FPO, ADR-
GDR



SENSEX & Stock
Exchange



SEBI & deepening
of Capital Market



FMC, FSDC etc

We'll see 5 PYQS
Make sure you've
finished previous
lectures

MCQ. Which of the following is / are example (s) of ‘Near Money’?

1. Treasury Bill
2. Credit Card
3. Saving accounts
4. Money Market Instruments

Answer codes:

- (a) 1 only (b) 2 only
(c) 1, 2 and 3 (d) 1, 3 and 4

इनमें से “Near Money”
के उदाहरण क्या हैं?

100% Surety

50:50

E) Skip

P
Atte



Near Money = From investors / owners' asset point of view

आपकी अपनी संपत्ति या निवेश से आपको पैसा निकालना हो वो कितना आसान है?



Shaktikanta Das

₹₹ for his T-Bill



not ₹₹ for his asset.
It's a 'loan' / liability



₹₹ for
his CASA
deposits



₹₹ for his T-Bill



REFRIG

MCQ. Which of the following is / are example (s) of ‘Near Money’? [UPSC-CDS-2016-I]

1. **Treasury Bill**
2. **Credit Card**
3. **Saving accounts**
4. **Money Market Instruments**

Answer codes:

- (a) 1 only (b) 2 only
(c) 1, 2 and 3 (d) 1, 3 and 4

CASA= demand deposits = readily converted into cash so ‘near money’.

- Money market instrument: investor can sell to third party = liquid = near money.
- While “Credit card” may be used for withdrawing cash from ATM (as loan) but in classic textbook interpretation,  it’s not ‘near money’. It’s a loan/liability for user आप अपना पैसा नहीं इस्तेमाल कर रहे, आप कर्जे में पैसा उठा रहे हैं



100% Surety

50:50

E) Skip

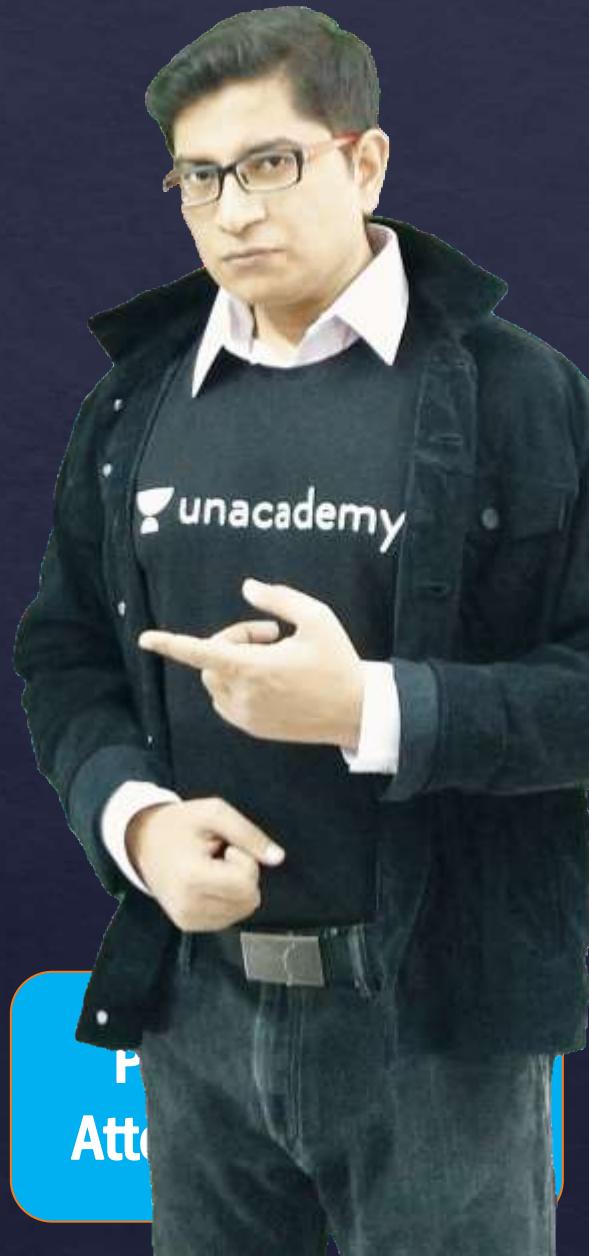
P
Atte

MCQ. Find Correct statements:

1. RBI manages and services Govt of India Securities, but not any State Govt Securities. रिजर्व बैंक के केंद्र की प्रतिभूतियों का संचालन करती है लेकिन राज्य सरकार की नहीं
2. Treasury bills are issued by the Government of India and there are no treasury bills issued by the State Governments. राज्य सरकार के ट्रेजरी बिल नहीं होते हालांकि केंद्र सरकार के होते हैं
3. Treasury bills offer are issued at a discount from the par value. मूल कीमत के डिस्काउंट पर बेचे जाते

Ans Codes:

- (a) 1 and 2 only (b) 3 only (c) 2 and 3 only (d) 1, 2 and 3



100% Surety

50:50

E) Skip

P
Atte



SHORT TERM

- T-Bill
- CMB
- WMA



LONG TERM

- G-Sec

- WMA

- SDL

RBI banker to
both union &
State Govt

MCQ. Find Correct statements: (*Asked in UPSC-Pre-2018*)

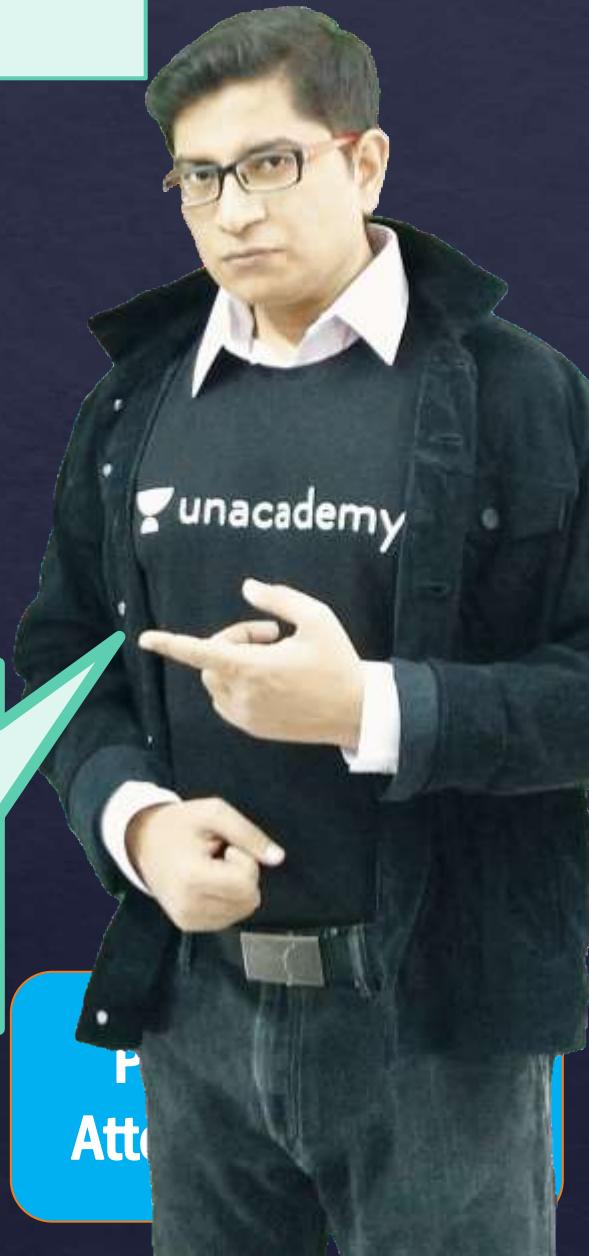
1. The Reserve Bank of India manages and services Government of India Securities, but ~~not any State Government Securities.~~
2. Treasury bills are issued by the Government of India and there are **no treasury bills issued by the State Governments.**
3. Treasury bills offer **are issued at a discount from the par value.**

Ans Codes:

- (a) ~~1 and 2 only~~ (b) 3 only
(c) **2 and 3 only** (d) ~~1, 2 and 3~~

State Govt's

- (short term) T-bills: stopped
- (long term) G-Sec: allowed



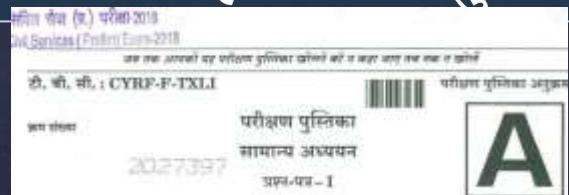
100% Surety

50:50

E) Skip

P
Atte

Faaltu ki answerkey debates after prelim-2018 over इसमें भी कुछ लोग बेफिजूल की बीरबल खिचड़ी और बाल की खाल निकाल रहे थे



56. Consider the following statement

1. The Reserve Bank of India services Government of India but not any State Securities.
2. Treasury bills are issued by the Government of India and there are no treasury bills issued by the State Governments.
3. Treasury bills offered are issued at a discount from the par value.

Which of the statements given above is/are correct?

- (a) 1 and 2 only
- (b) 3 only
- (c) 2 and 3 only
- (d) 1, 2 and 3

सीधा-सीधा तो प्रश्न पूछा
है, भाई! तुम झंडा लेकर
क्यों खड़े हो गए हो??



| Examination: | | CS(P)- 2018 | | | | | | | | | | | | | | |
|--------------------------------|---|-------------|---|-----------------------|---------|----|---|----|---|----|---|-----|---|--|--|--|
| Series: A | | Subject | | | PAPER-I | | | | | | | | | | | |
| Max. marks | | 200 | | No. of Items dropped: | | 00 | | | | | | | | | | |
| Items to be taken for scoring: | | 100 | | | | | | | | | | | | | | |
| 1 | B | 16 | A | 31 | C | 46 | B | 61 | A | 76 | D | 91 | B | | | |
| 2 | D | 17 | C | 32 | A | 47 | C | 62 | D | 77 | A | 92 | C | | | |
| 3 | C | 18 | D | 33 | A | 48 | C | 63 | B | 78 | C | 93 | B | | | |
| 4 | B | 19 | A | 34 | C | 49 | C | 64 | B | 79 | A | 94 | A | | | |
| 5 | A | 20 | B | 35 | B | 50 | D | 65 | A | 80 | B | 95 | A | | | |
| 6 | C | 21 | B | 36 | B | 51 | C | 66 | B | 81 | B | 96 | B | | | |
| 7 | A | 22 | B | 37 | B | 52 | C | 67 | D | 82 | B | 97 | C | | | |
| | D | 23 | | | B | 53 | B | 68 | D | 83 | B | 98 | A | | | |
| | C | 24 | | | A | 54 | A | 69 | C | 84 | D | 99 | D | | | |
| | A | 25 | | | B | 55 | D | 70 | D | 85 | A | 100 | B | | | |
| | C | 56 | C | | | 71 | B | 86 | B | | | | | | | |
| | D | 57 | C | | | 72 | D | 87 | D | | | | | | | |
| | | 58 | C | | | 73 | B | 88 | C | | | | | | | |
| | | 59 | C | | | 74 | C | 89 | B | | | | | | | |
| | | 60 | D | | | 75 | C | 90 | C | | | | | | | |

Because I think like a LLB-lawyer to find fault in every word. Even though UPSC just asking general understanding.

 ? In Indian economy, **non-financial debt** includes which of the following ?

1. Housing loans owed by households
2. Amounts outstanding on credit cards
3. Treasury bills

Codes:

- [a) 1 only [b) 1 and 2 only
[c) 3 only [d) 1, 2 and 3

गैर वित्तीय कर्ज का
मतलब क्या है?

100% Surety

50:50

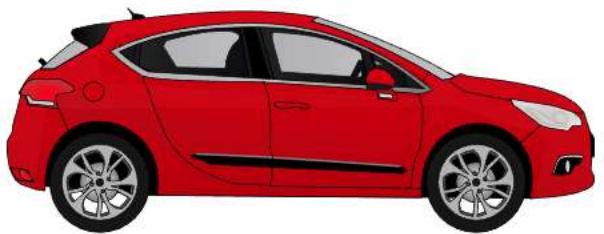
E) Skip

P
Atte



TYPE OF DEBTS

T-BILL,
HOME LOAN,
CREDIT CARD



TAKING LOAN FOR
THEMSELVES

= NON-FINANCIAL DEBT

यह लोग स्वयं के
उपभोग के लिए जो
पैसा कर्ज में ले रहे हैं

RBI



Shaktikanta Das

TYPE OF DEBTS

T-BILL,
HOME LOAN,
CREDIT CARD



TAKING LOAN FOR
THEMSELVES

= NON-FINANCIAL DEBT



CD, REPO
CALL MONEY

दूसरों को कर्ज देने के
लिए खुद कहींसे जो
पैसा ला रहे हैं

TAKING LOAN FOR
GIVING TO OTHERS

= FINANCIAL DEBT

A
B
C
D

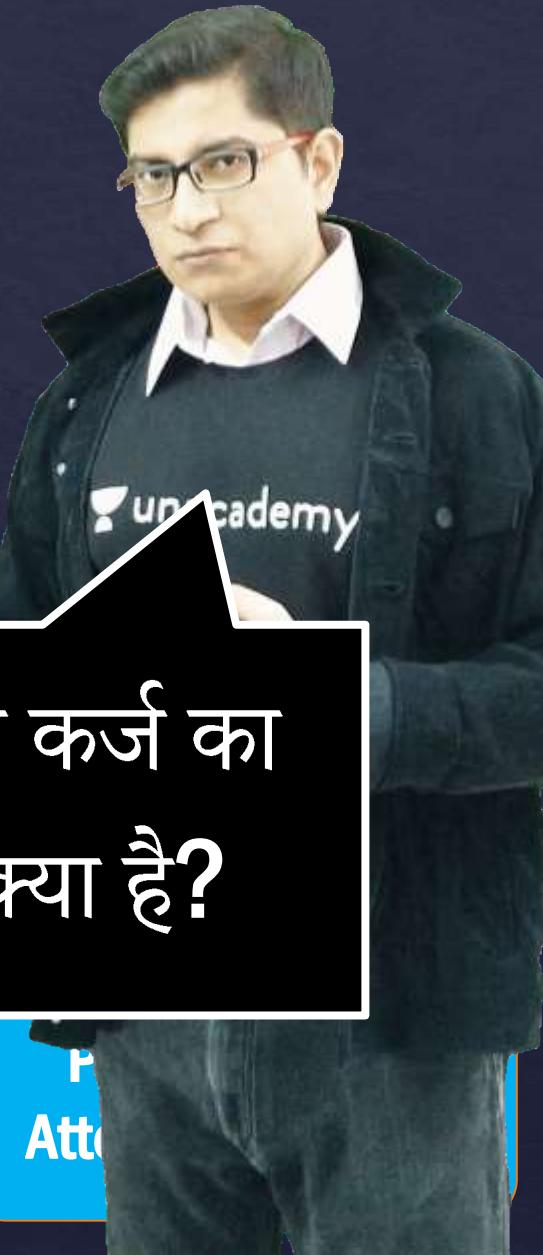
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गैर वित्तीय कर्ज का
मतलब क्या है?



100% Surety

50:50

E) Skip

P
Atte

Although some coaching classes have different interpretation ultimate judge UPSC official Answerkey.

| Q | PHASE | Subject | Difficulty | Theory/Curr | Type of MCC | S1 | Mru | Key-Vision/I | Key-Insights | KEY_SHANF | KEY_DRISH | KEY_IASBA |
|-----------|--|---------|------------|-------------|-------------|--------|-----|--------------|--------------|-----------|-----------|-----------|
| CSP20Q010 | If you withdraw t 1,00,000 in cash | e1 | Ease 😊 | Theory 📚 | 1-Liner 📜 | mru | D | D | D | D | D | D |
| CSP20Q020 | “Blockchain Technology” | e1 | Ease 😊 | Contemporar | 3TF 🌿 | mru | D | D | D | D | D | D / A |
| CSP20Q072 | Interest Coverage Ratio | e1 | Medium 😐 | Contemporar | 3TF 🌿 | mru | A | A | A | A | A | A |
| CSP20Q076 | Kisan Credit Card scheme | e1 | Ease 😊 | Contemporar | 5TF 📚 | mru | B | B | B | B | B | B |
| CSP20Q080 | Call Money | e1 | Ease 😊 | Theory 📚 | 4TF 📚 | mru | C | C | C | C | C | C |
| CSP20Q084 | non-financial debt | e1 | Tough 😰 | Theory 📚 | 3TF 🌿 | random | D | D | D | C | A/D* | D |
| CSP20Q087 | expansionist monetary policy | e1 | Ease 😊 | Theory 📚 | 3TF 🌿 | mru | B | B | B | B | B | B |
| CSP20Q089 | District Central Cooperative Banks (DCCBs) | e1 | Medium 😐 | Contemporar | 2TF 🎯 | mru | B | B | B | B | B | B |
| CSP20Q090 | cyber insurance | e1 | Tough 😰 | Contemporar | 4TF 📚 | random | B | B | B | D | B | B / D |

CS(P)- EXAMINATION-2020
GENERAL STUDIES- PAPER- I(ONE) -SET-B

Number of items-100

No of items dropped-02

Maximum Marks-200

| | | | | | | | |
|----|---|----|---|----|---|-----|---|
| 19 | C | 49 | A | 79 | D | | |
| 20 | D | 50 | A | 80 | C | | |
| 21 | B | 51 | C | 81 | B | | |
| 22 | A | 52 | D | 82 | X | | |
| 23 | D | 53 | B | 83 | A | | |
| 24 | A | 54 | B | 84 | D | | |
| 7 | C | 37 | D | 67 | A | 97 | A |
| 8 | A | 38 | D | 68 | D | 98 | A |
| 9 | A | 39 | A | 69 | C | 99 | D |
| 10 | D | 40 | C | 70 | A | 100 | D |

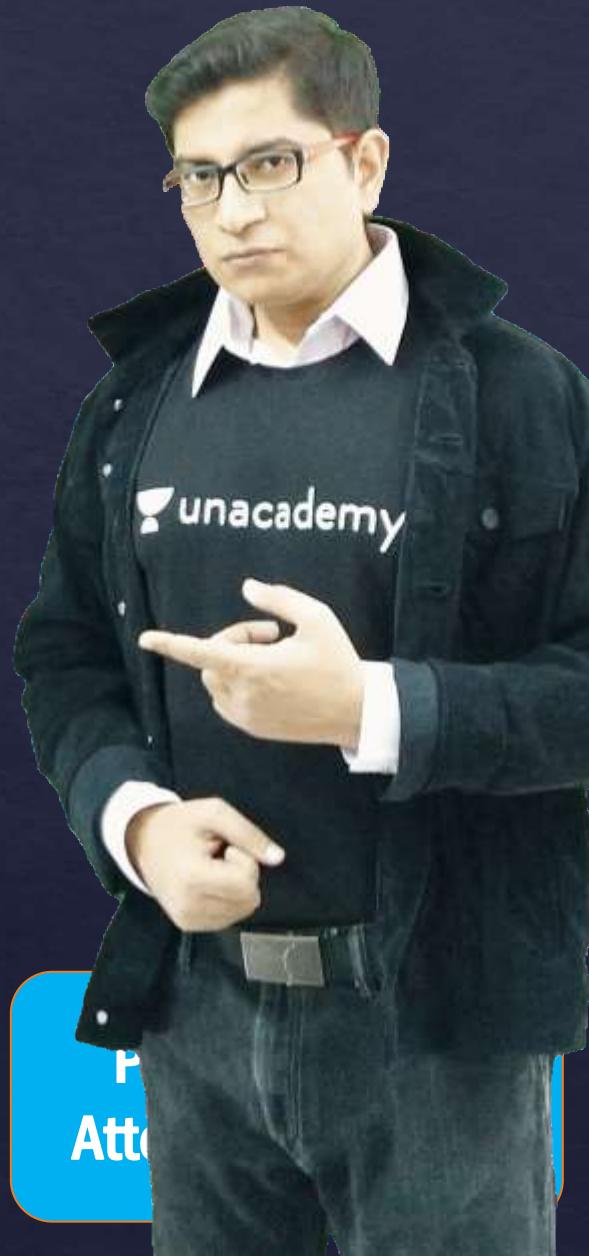


**AB
CD** ? MCQ. Find correct statements about Convertible Bonds

- As there is an option to exchange bond for equity, Convertible Bonds pay a lower rate of interest. (इसमें ब्याज कम दिया जाता है क्योंकि इसको बॉन्ड में से शेयर करने की तब्दील करने की सुविधा दी जाती है)
- The option to convert to equity affords the bondholder a degree of indexation to rising consumer prices. (बॉन्ड में से एक शेयर में तब्दील करने की सुविधा से निवेशक बढ़ती महंगाई से अपने को बचा सकता है)

Codes:

- | | |
|------------------|---------------------|
| (a) 1 only | (b) 2 only |
| (c) Both 1 and 2 | (d) Neither 1 nor 2 |



100% Surety

50:50

E) Skip

P
Atte

Hybrid instrument: Optionally Fully Convertible Debentures (OFCD)



Debt / Bond / debenture

- Fixed income (7%)



Equity / share

- If profit =more
 dividend



ऐसे बांड

जिनको निवेशक चाहे तो बाद में
शेयर्स में तब्दील कर सकते हैं

Not possible to eat laddu with both hands

दो हाथ से तो लड्डु नहीं खा सकते

Give me high
interest rate on
Bond

Give me facility
option to convert
bond into share



Convertible Bonds

7%

Non Convertible
Bonds

12%

MCQ. Find correct statements about Convertible Bonds

1. As there is an option to exchange bond for equity, **Convertible Bonds pay a lower rate of interest.** (इसमें ब्याज कम दिया जाता है क्योंकि इसको बॉन्ड में से शेयर करने की तब्दील करने की सुविधा दी जाती है)

2. The option to convert to equity affords the bondholder a degree of indexation to rising consumer prices. (बॉन्ड में से एक शेयर में तब्दील करने की सुविधा से निवेशक बढ़ती महंगाई से अपने को बचा सकता है)

Codes:

- (a) 1 only
- (b) 2 only
- (c) Both 1 and 2
- (d) Neither 1 nor 2

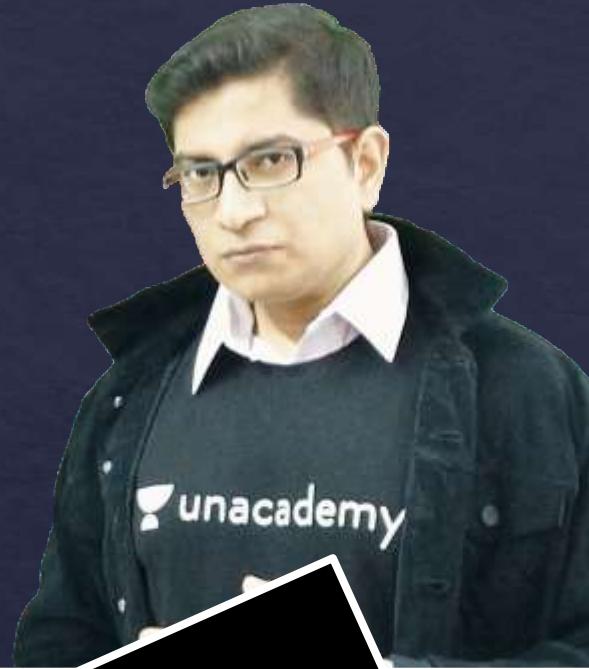
This is not given in routine prep. source.

This is ASKED so we are solving it.

ये कोई सामान्य किताबों में नहीं दिया है
ये तो पूछा इसलिए हम पढ़ रहे हैं अभी

100% Surety

50:50



Return on investment

Convertible Bond

7%

Onion Inflation

10%

Shares (dividend/profit IF sold to other party)

13%

हाँ ऐसा संभव है कि यदि इस बॉन्ड को **share** में तब्दील करें तो महंगाई से ज्यादा मुनाफा मिल सकता है यानी की आप महंगाई से अपने निवेश को बचा सकते हैं

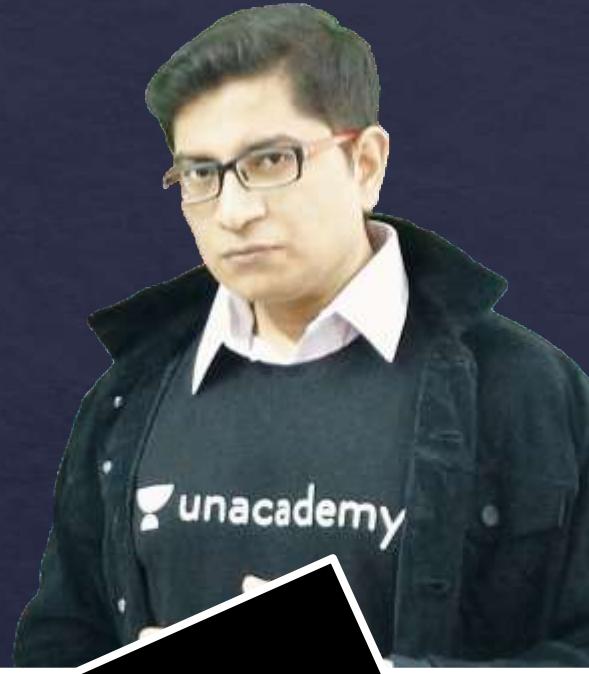
AB
CD ? MCQ. Find correct statements about Convertible Bonds

1. As there is an option to exchange bond for equity, Convertible Bonds **pay a lower rate of interest.** (इसमें ब्याज कम दिया जाता है क्योंकि इसको बॉन्ड में से शेयर करने की तब्दील करने की सुविधा दी जाती है)

2. **The option to convert to equity affords the bondholder a degree of indexation to rising consumer prices.** (बॉन्ड में से एक शेयर में तब्दील करने की सुविधा से निवेशक बढ़ती महंगाई से अपने को बचा सकता है)

Codes:

- (a) 1 only
- (b) 2 only
- (c) Both 1 and 2
- (d) Neither 1 nor 2



Tough question.
This much not humanly possible to
prepare / remember.
No shame in Skipping.

100% Surety

50:50

Many PYQs from what we studied last night.

But we'll not solve all of today. reason

◆ 10 MCQ x 1 minute timer + 2 minutes

explanation = 30 minute = half hr in just PYQ. =

NOT RAFTAAR. I need to cover more 'topics' in teaching.

◆ I'm shifting them to **Wednesday Quiz**.

◆ I'll only cherry pick 2-3 MCQs here in live class.

■ ? RBI acts as a bankers' bank. What does it mean? (UPSC-Pre-2012)

- 1) Other banks retain their deposits with the RBI.
- 2) The RBI lends funds to the commercial banks in times of need.
- 3) The RBI advises the commercial banks on monetary matters.

Answer codes: (a) 2 & 3 only (b) 1 and 2 only (c) 1 and 3 only (d) 1, 2 and 3

■ ? RBI regulates the commercial banks in matters of (Asked in UPSC-Pre-2013)

- 1) Liquidity of assets
- 2) Branch expansion
- 3) Merger of banks
- 4) Winding-up of banks

Answer Codes: (a) 1 & 4 only (b) 2, 3 & 4 only (c) 1, 2 & 3 only (d) 1, 2, 3 & 4

■ ? In India, the central bank's function as the 'lender of last resort' means what? (केंद्रीय बैंक को अतिम उपाय का क्राणदाता कहा जाता है इस शब्द का मतलब क्या है) (Prelims-2021)

1. Lending to trade and industry bodies when they fail to borrow from other sources. [व्यापार औद्योगिक संस्थाओं को जब कहीं और से कर्ज नहीं मिले तो केंद्रीय बैंक कर्ज देता है]
2. Providing liquidity to the banks having a temporary crisis. [अस्थाई संकट के दौरान बैंकों को तरलता देता है]
3. Lending to governments to finance budgetary deficits [बजट घाटा पूरा करने के लिए सरकार को कर्जा देता है]

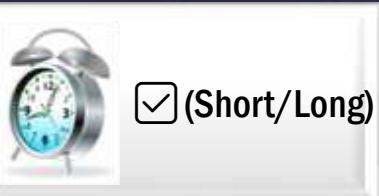
Codes: a) 1 and 2 b) 2 Only c) 2 and 3 d) 3 Only



Financial
Instruments



Debt



(Short/Long)



Govt, pvt,
Intl. insti.



Objective /
Methods



Equity



Share Types &
Basics

Audio/Video
Problem?



Edu Doubt? Ask through

Google
Forms

| | |
|---------------------|--|
| | Last claim during liquidation. अधिमान्य शेयर: During liquidation, these investors will be given money before the ordinary shareholders. Further subtypes:i) with voting power ii) without voting power. |
| Preferential Shares | Shares given @discount to directors & employees for their value addition to company [Amount is regulated under Companies Act] |
| Sweet Equity | Shares whose market price remain excessively low compared to its face value. Such pathetic companies give zero or little dividend. |
| Penny stocks | Extremely recognized, well-established and financially strong companies helping startup companies with seed capital. Angel investing startup companies out of his hobby, passion, time pass. e.g Ratan Tata in Urban Ladder app. / equity / hybrid) |
| | Pillar#2: Angel Tax in Budget/blackmoney Angel Tax = Govt tax on company with goal of acquiring the company or its shares earlier date. |
| | equity Savings Scheme= Govt gives income tax benefit to invest in the share market for the first time. Budget-2017 (instead of renaming after DoonDay), owner of a company e.g. Mukesh A. of Reliance or Subhash Chandra of ITC pledges his shares as collateral to borrow loans from NBFC. |



DEMAT, ASBA



IPO-FPO, ADR-
GDR

What does 'Venture Capital' mean? (Asked in UPSC-Pre-2014)

A) aid to industries
B) provided to new entrepreneurs
C) at times of incurring losses
D) intent and renovation of industries
E) invests in the e-project usually during an early stage

- B)
C)
D)
E)

VENTURE SHARES

Certificate called Face Value or Par Value (सममूल्य). If it's above face value, it's called "Premium Value"- that usually means getting high dividend/return on his investment.
Ratio (P/E Ratio)- what it means NOTIMP.



SENSEX & Stock
Exchange



SEBI & deepening
of Capital Market



FMC, FSDC etc

Equities



Shareholder

Board of
Directors

Annual General Meeting (AGM), Voting,



Chairman

Managing
Director & CEO

Company

Shareholders = owners/proprietors of company. Last claim during liquidation

Equities



Shareholder



Board of
Directors

BoD decides how much profit to reinvest in biz. and how much to give away as dividend to shareholders?



Chairman

Managing
Director & CEO

Company



Dividend from Profit

Sell goods/ Services



How'll get ₹₹ during liquidation?

Liquidation

1. Secured debt (Bank loan, secured NCD)
2. Unsecured debt (Short term-walle Commerical Papers)
3. Preferential shares
4. Ordinary shares

Shareholder



Annual General Meeting (AGM), Voting,



Board of Directors



BoD decides how much profit to reinvest in biz. and how much to give away as dividend to shareholders?



Chairman

Managing Director & CEO

Company

Dividend from Profit

नीलामी के वक्त
किस क्रम में पैसा
वापस किया
जाएगा

Equities / share holding



Venture capital funds (VCF)-रोज का काम है

- Professional firms helping startup companies with seed capital. (through debt / equity / hybrid) मुनाफे के लिए निवेश



Angel Investors-शौकिया तौर पे कभी-कभी

- Rich person helping startup companies out of his hobby, passion, profit motive or time pass.
- e.g Ratan Tata in Urban Ladder Furniture purchase site/app. (through debt / equity / hybrid)



Corporate Strategic investor

- Usually has goal of acquiring startup company or its technology at later date. स्टार्टअप कंपनी / गुप्त टेक्नोलॉजी हासिल करने के मकसद से निवेश करता है

Q06. An **individual investor** who invests in the e-project usually during an early stage is

- A. a. Corporate Strategic Investor
- B. Founder Capital
- C. Angel Investor
- D. Venture Capital

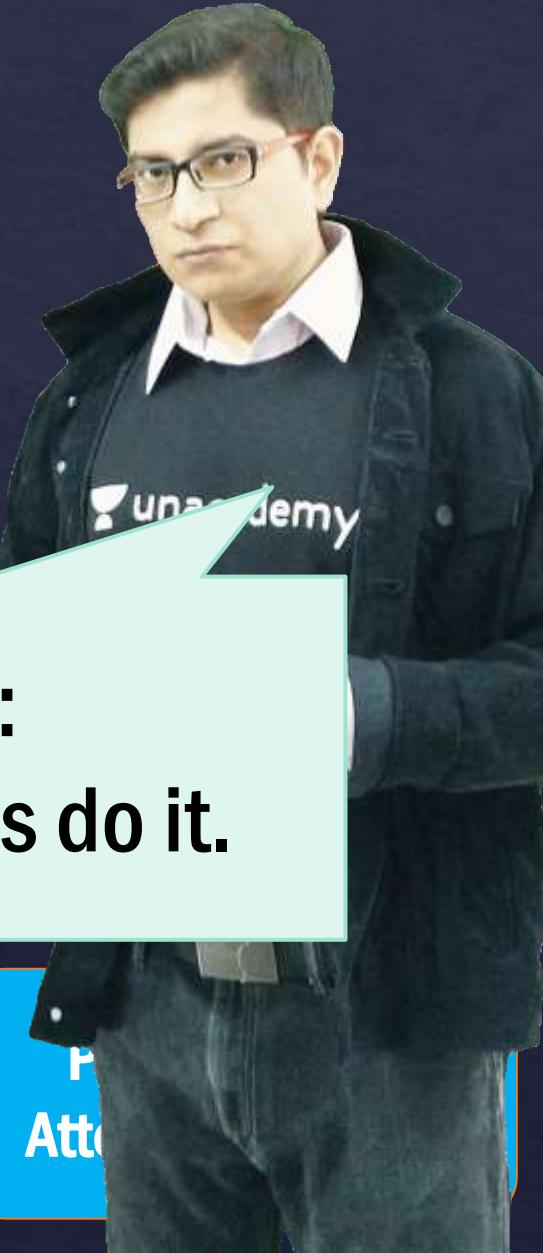
Explanation-C:
Angel investors do it.

100% Surety

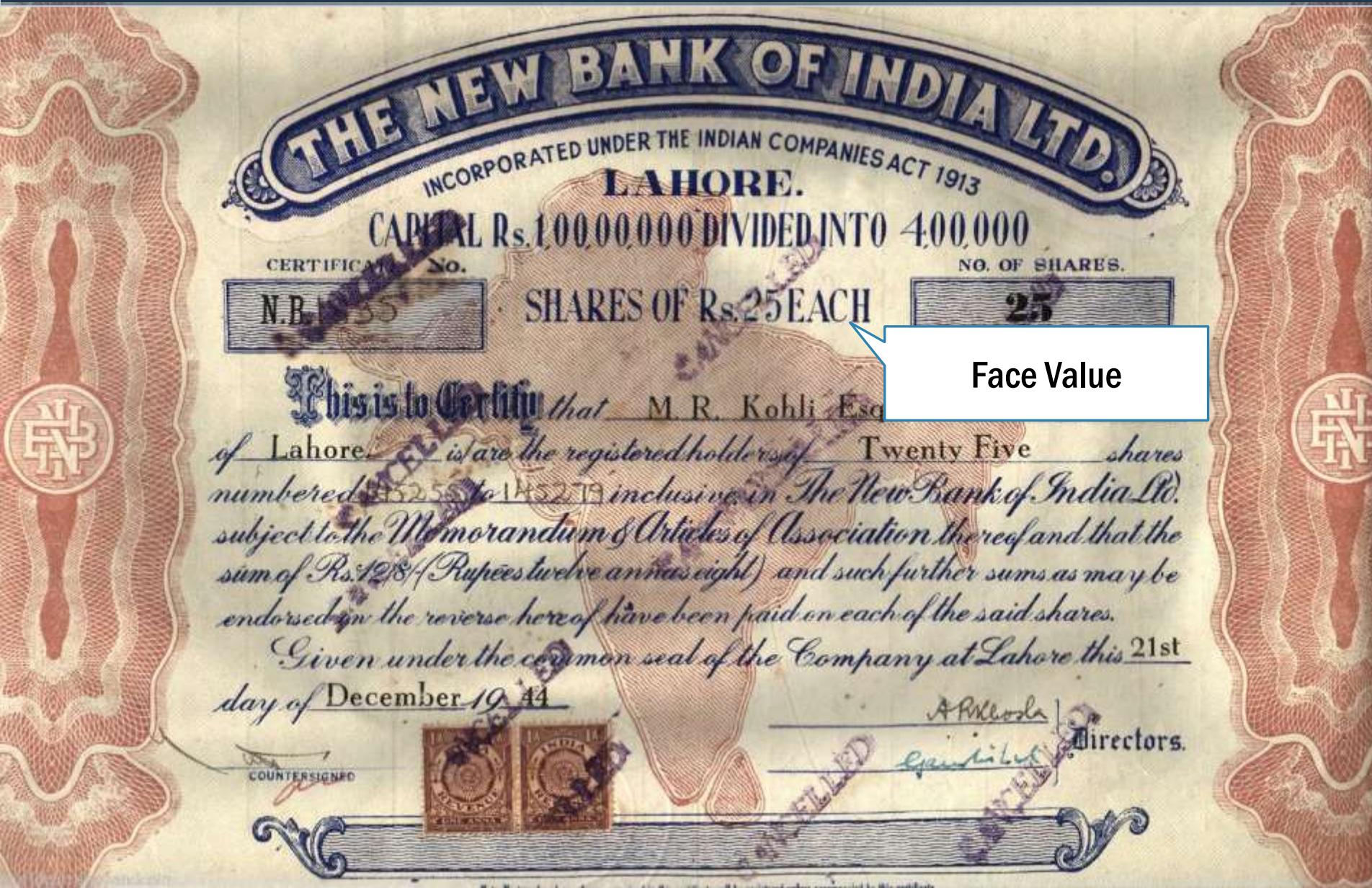
50:50

E) Skip

P
Atte



share certificate- a sample



Share prices

Face value/ par value

- मूल कागज पे जो लिखा है
- Can be any integer
- 1,2,5,8,10,20,25, 50,100
- But not decimal: 1.50.....x



Premium Value

- Rs.10 share with Rs.30 premium
- ₹10 + 30 = ₹40 selling price
- Investor may buy.. If he's confident about that company

मूल रकम से मोटी रकम में भी
निवेशक खरीद सकता है

What is a stock market/ share market?



1) Jio-IPO issued



2) Invested ₹10
Getting ₹2 dividend.



Primary Market

- Security issued for 1st time



Secondary Market

- Resold by investors

What is a stock market/ share market?



1) Jio-IPO issued



2) Invested ₹10
Getting ₹2 dividend.



Primary Market

- Security issued for 1st time



Secondary Market

- Resold by investors

3) Later, Baba Ramdev launches IPO



Investors RESELL to unlock money

Premium Value



Suppose jio share bought @face value of ₹ 10. company generating ₹ 3 dividend a year



1) But I want to sell the shares to invest elsewhere OR need money to buy home/vehicle.



3) Related keywords: Price Earnings Ratio (P/E Ratio), EPS, PB Ratio etc- what it means
NOTIMP. Just word association: it'll help you gauge profitability of share investment.

2) Plz sell me, I'm very keen for this. I'll offer Face value(₹10) +@premium value (₹2) = ₹ 12.

Shares: other terms

Penny stocks: रस्ते का माल सस्ते में 😞

- Shares whose market price remain excessively low compared to its face value.
- ₹ 10 Face value sold @ ₹ 1 Rs. in secondary market
- Such pathetic companies give zero or little dividend.



Blue Chip stocks: दमदार कंपनी, अच्छा डिविडेंड 💪

- Shares of a nationally recognized, well-established and financially sound company with a history of generating profit. E.g. Infosys, Tata, Reliance



Shares: other terms



Sweet Equity: कर्मचारीओं को सस्ते में शेयर्स देना 🎉

- shares sold @discount to directors, employees
- for their value addition to company [but regulated under Companies Act]



Share Pledging: मालिक शेयर गिरवी रखें 😠

- When promoter of a company e.g. Mukesh A. of Reliance or Subhash Chandra of Zee group
- pledges his shares as collateral to borrow loans from a bank / NBFC.



Just 1 Word Asso

WHAT IS "OPEN OFFER"?

- 1. I already have 25% shareholding.**
- 2. I'm making an "Open Offer"**
- 3. to you to buy 26% more shares,**
- 4. so I can have 51% Majority shareholding**



Shares: other terms

Sweet Equity: कर्मचारीओं को सस्ते में शेयर्स देना 😊



- shares sold @discount to directors, employees
- for their value addition to company [but regulated under Companies Act]



Share Pledging: मालिक शेयर गिरवी रखें 🤔

Owner of a company e.g. Mukesh A. of Reliance or
group
to borrow loans from a bank /



Just 1 Word Asso

मुझे
Ph.d कराओ



Tell me difference
between
SWEET EQUITY
Vs
SWEAT EQUITY

👉 हर चीज का विकिपीडिया और
Investopedia बनना जरूरी
नहीं है

Look at previous papers
in handout.



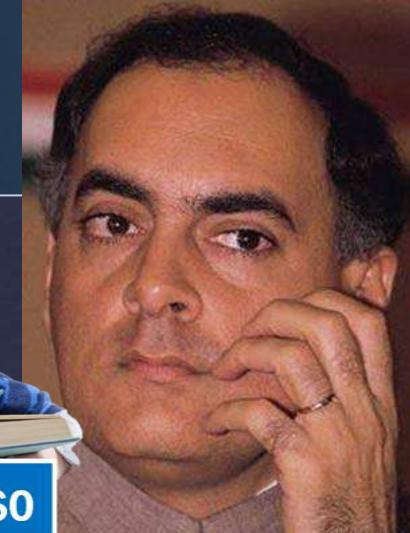
Rajiv Gandhi Equity Savings Scheme?

- UPA-era scheme. Discontinued in 2017
- income tax benefit to people who invest in the share market for the first time.
- mechanism,
- motive: Gold rush ↓,
- if companies mobilize investment through shares → biz revived → companies could repay NPA loans to Banks



Just 1 Word Asso

आपने शेरबाजार मे निवेश किया
तो आयकर मे छूट/रियायत देंगे

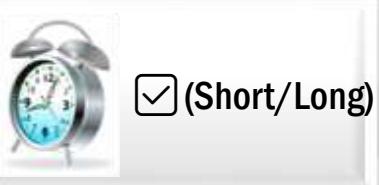




Financial
Instruments



Debt



(Short/Long)



Govt, pvt,
Intl. insti.



Objective /
Methods



Equity



Share Types &
Basics

Audio/Video
Problem?



Edu Doubt?
Ask through



DEMAT, ASBA



IPO-FPO, ADR-
GDR

Handout uploaded



SENSEX & Stock
Exchange



SEBI & deepening
of Capital Market



FMC, FSDC etc

| | |
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| | Last claim during liquidation. |
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| | tionally recognized, well-established and financially with a history of generating good dividend. |
| | ms helping startup companies with seed capital. |
| | / equity / hybrid) |
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| | r time pass. e.g Ratan Tata in Urban Ladder app. |
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| | up company with goal of acquiring the company or its later date. |

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Budget-2017 (instead of renaming after DoonDayal),

er of a company e.g. Mukesh A. of Reliance or Subhash

group pledges his shares as collateral to borrow loans

NBFC.

What does 'Venture Capital' mean? (Asked in UPSC-Pre-2014)

ed to industries provided to new entrepreneurs at times of incurring losses ent and renovation of industries invests in the e-project usually during an early stage

- B) founder capital
D) venture capital
NG SHARES

certificate called Face Value or Par Value (सममूल्य). If value, it's called "Premium Value"- that usually of getting high dividend/return on his investment.

(P/E Ratio)- what it means NOTIMP.

E-banking



Physical cash
in hand:
Theft, fire



Deposit in bank

The screenshot shows the SBI Online homepage with a navigation bar at the top featuring the SBI logo, the word 'ONLINE', and links for 'yono by SBI', 'SBI Home Loan', and 'SBI W...'. Below the navigation bar, there are four main menu options: 'My Accounts & Profile', 'Payments / Transfers' (which is highlighted with a red box), 'Bill Payments', and 'Fixed Deposit'. A sub-menu for 'Payments / Transfers' is open, listing several options: 'Funds Transfer (Own SBI A/c)', 'Accounts of Others - Within SBI' (also highlighted with a red box), 'Other Bank Transfer', 'International Funds Transfer', 'Foreign Outward Remittance Transfer', 'Credit Card (VISA) Bill Pay', 'Quick Transfer (Without Adding Beneficiary)', and 'SBI Rewardz'. At the bottom right of the sub-menu, there is a link 'More>>'.

Do e-banking: money transfer, e-shopping

“Dematerialization” of shares



2) Fear of theft, fire, forgery, delay in settlement,
Solution: ‘dematerialization’ in mid-90s’

1) I'll keep shares
certificates in paper format,
in my file or cupboard

कागज के टुकड़े घर पे रखे तो आग और चोरी
का जोखिम ॥ तो क्यो न डिजिटल ट्रेडिंग करे?



3) Meaning companies who issue
these paper shares- are stored in a big
locker. And then digitally they're
traded.



“agency”



आपको सिलेंडर खरीदना है तो
₹ ₹ फैक्ट्री में नहीं जाएंगे



आप उसकी एजेंसी में जाएंगे -आप यहां
अपना खाता खोलेंगे और सिलेंडर खरीदेंगे

“De-materialization” of securities → trading them in digital format



Paper shares,
bonds stored here

Depository

- CDSL
- NSDL

Linked with PAN card.
Tax, black money tracking

Depository Participant

- Bank
- Non-bank

आप यहां खाता खोलें



Customer

- Opens DEMAT account



“Re-materialization” of securities →



CDSL
NSDL

2) Depository will give you physical / hard copy of the shares/bonds.



1) I want to take it 'out' for some purpose.

कागजी स्वरूप में बाहर निकालना

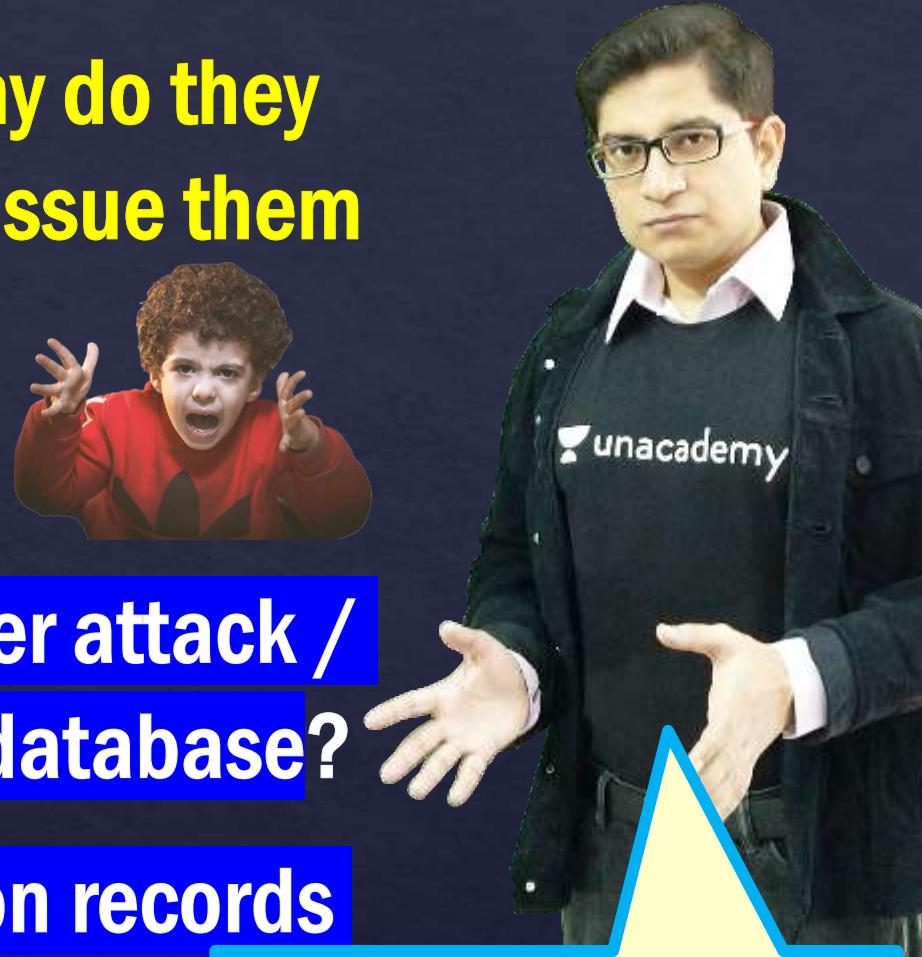
In previous batch

❖ When we've so much digital technology, why do they store the shares in paper format? Why not issue them directly in digital format?

❖ Ans. Because it's the system. What if a **cyber attack / nuclear attack** **wipes out** the entire **digital database**?

❖ Still paper records / printouts of transaction records could help establishing the ownership record.

similar danger if all currency issued digitally





come dear investor,
give your money!!



no thanks!

अपनी जेब कटवा चुका हूँ,

Sharemarket

RETAIL INVESTOR

New DEMAT Accounts created (in lakhs)

2021: April-Nov 220.7

2022: April-Nov 171.5

आम निवेशक क्यों दूर जा रहा है
शेयर बाजार से?

- 1. flop/loss-making IPOs in primary market e.g. PayTM.**
- 2. increased volatility (ups and downs) in the secondary market**
- 3. global uncertainties due to Russia Ukraine war.**

Send money to SBI Gandhinagar Branch.

कैसे पता चले कौन से गांधीनगर की शाखा में पैसा भेजना है?



- **Indian Financial System Code (IFSC).**
- It's a unique code to identify each branch esp. in NEFT & other online transaction.
- बैंकों की शाखाओं के लिए एक प्रकार का पिन कोड है

Please invest my ₹₹ in Reliance industries' shares!

मिलते-जुलते नामों वाली कंपनियों के शेयर खरीद बिक्री में गलती हो गई तो?



Mukeshbhai walli Reliance Industries Limited Shares

- ISIN: INE002A01018;

Anil Ambani walli Reliance Communication

- ISIN: INE330H01018



- **International Securities Identification Number (ISIN)** is a Unique 12 characters to prevent mistakes in shares/bonds trading.
- **Budget-2019:** we'll make technical reforms in **ISIN** for easy/faster in launching Corporate Bonds.

Handout @page continued



Financial Instruments



Debt



Equity



(Short/Long)



Govt, pvt,
Intl. insti.



Objective /
Methods



Share Types &
Basics



DEMAT, ASBA,
ISIN



SENSEX & Stock
Exchange



SEBI & deepening
of Capital Market



Fees



Underwriter



Prospectus

Promoter

If IPO not fully subscribed,
then underwriter will buy
unsold shares.

Initial Public Offer (IPO)



ASBA: Application Supported By Blocked Amount



IPO-FPO,
ADR-GDR

→ \$25 billion. It was listed at Riyadh's Tadawul Stock Exchange.

⇒ □ ES20: No of IPO-issuing Companies have declined: 134 (2017) → 103 (2018) → 47



Reasons like protectionism (trade war, Ref: Pillar3), NPA (Ref: Pillar1), demand are preventing some of the companies from raising capital amount of ₹ raised has increased.

Videshi locker



जीकरण किए, उनके शेयरवाला से मैसा उठाएं, तो क्या?

Economy Pillar#1C: SEBI Share-market— Page 127

How to issue shares for the first time “Initial public offer” (IPO)?



Promoter



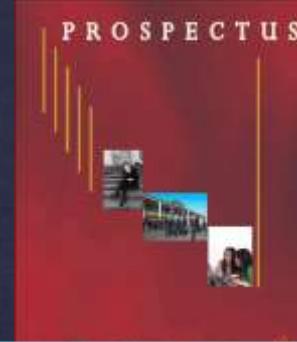
Fees



Underwriter

Underwriter

- US: Investment banker
- UK: Merchant Banker



Red herring prospectus
for approval

सबसे पहली बार कंपनी ने जब निवेशकों को अपने शेयर बेचने हो वह प्रक्रिया

How to issue shares for the first time “Initial public offer” (IPO)?



Promoter

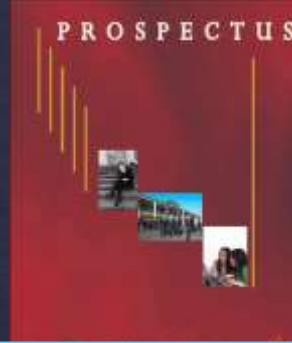


Fees



Underwriter

- Underwriter**
- US: Investment banker
- UK: Merchant Banker



**Red herring prospectus
for approval**

To help the startup Companies
SEBI made ‘easier set of rules’

“Innovators Growth Platform Framework”

सरल नियम का ढांचा बनाया गया ताकि
स्टार्टअप कंपनियों को आसानी से अनुमति मिले

How to issue shares for the first time “Initial public offer”?



Promoter

Fees



Underwriter

Public issue



Underwriter

- US: Investment banker**
- UK: Merchant Banker**



If IPO not fully subscribed →

- underwriter will buy unsold shares.

If IPO oversubscribed →

- who will get shares? How?
- Multiple methods, e.g. Lottery.

Lottery system of share allocation: SEBI measures...

फर्जी डिमैट अकाउंट खोलकर लॉटरी में अपना नंबर लगाने के चांस बढ़ाए जा रहे थे



Promoter

Fees

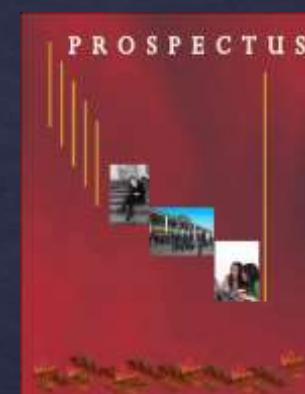


Underwriter

Public issue



1) Rupal Panchal: Fake DEMAT accounts to lottery chances of getting shares in IPO. Then she'd sell it @higher prices in secondary market.

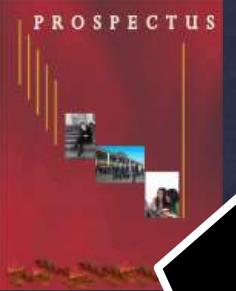


2) SEBI reforms:

- DEMAT account linked with **PAN card** (issued by IT dept: more in Pillar#2: black money)
- **ASBA:** application supported by blocked amount

ASBA: application supported by blocked amount

आईपीओ में अर्जी डाली तो पैसा लॉक हो जाएगा लेकिन आपको बैंक में ब्याज मिलता रहेगा



Rs.1 lakh Bank savings Account
(continue to earn interest)

Un-blocked:
90,000

Blocked for
IPO: 10,000



- Suppose, IPO allocation lottery process takes 10 days.
- This 10,000 will remain blocked.
- She can't spend elsewhere. पैसा बैंक खाते में लॉक हो जाएगा. दूसरी शॉपिंग में इस्तेमाल नहीं कर पाएंगे
- If IPO-shares allotted to her, then money will be cut
- ELSE money un-blocked. आवंटन की लॉटरी में आपका नंबर लगा तो ही बैंक से पैसा कटेगा, वरना नहीं

IPO → SEBI reform: ASBA: application supported by blocked amount

आईपीओ - शेयर खरीदने के लिए अर्जी डालेंगे तो आप के बैंक खाते में उतनी रकम लॉक



Promoter

Fees



Underwriter
Public issue



2) ASBA benefits?

⌚ i) Non-serious investors don't apply. Because you need money in bank account. **नालायक लोग अर्जी नहीं डालें**

⌚ ii) You earn interest in savings until allotment is done.
जब तक आवंटन प्रक्रिया समाप्त नहीं होती बैंक से ब्या ज मिलता रहे

1) Mechanism

- when you apply in IPO
- ₹₹ amount is blocked in your bank account **पैसा बैंक खाते में लॉक हो जाएगा. दूसरी शॉपिंग में इस्तेमाल नहीं कर पाएंगे**

But, ₹₹ will be deducted if only underwriter allots you shares.

आवंटन की लॉटरी में आपका नंबर लगा तो ही बैंक से पैसा कटेगा, वरना नहीं



Promoter

Fees



Underwriter

Initial Public Offer (IPO)



IPO-Share: Types of buyers/investors

शेयर निवेशकों के अलग-अलग प्रकार

Qualified Institutional Buyers (QIB):

- insurance Cos,
- Mutual funds etc
- बड़ा खरीदार

Retail investor:

- An individual investor who is not a QIB.
- आम /सामान्य



FII / FPI

- ans. Pillar#3
- विदेशी निवेशक

Goldman Sachs



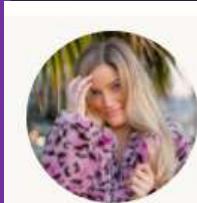
Morgan Stanley



'Social Media Influencer'



Apple will give her iphones even before they're available in retail market for purchase.



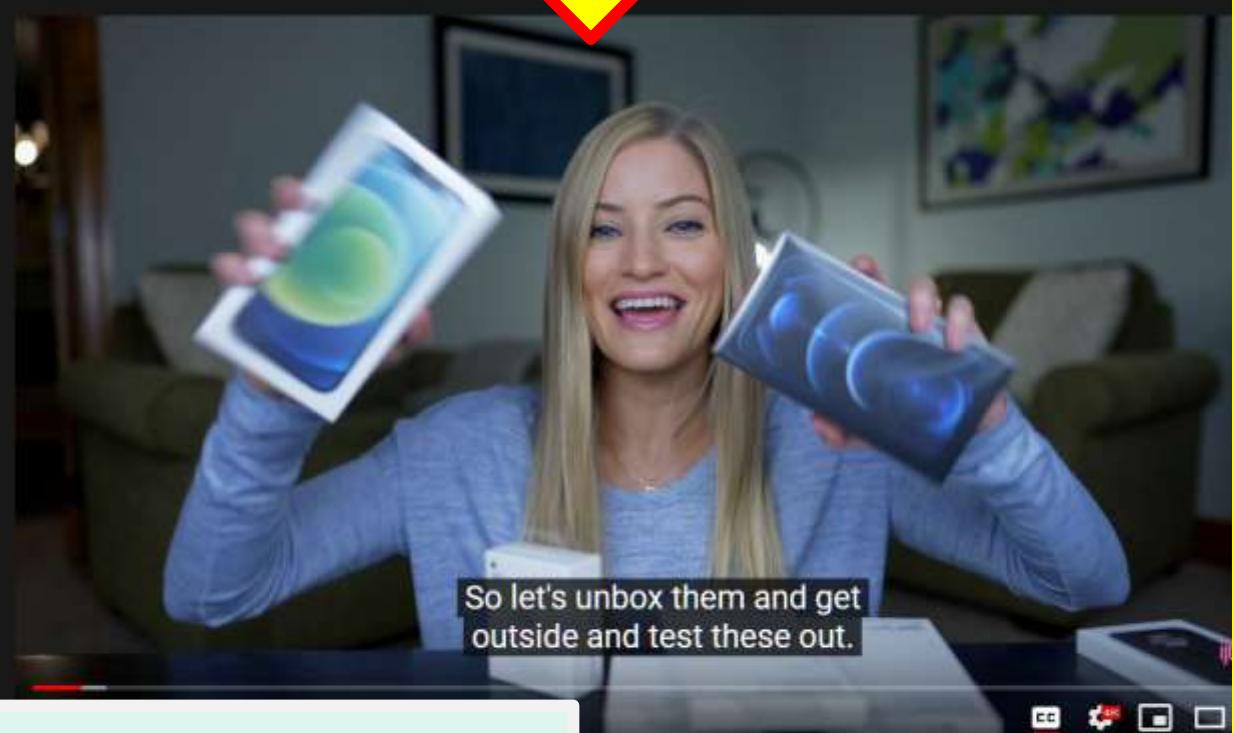
iJustine

6.32M subscribers

फोन को बाजार में
बिक्री के लिए उतारने से
पहले ही इन्हें दिया जाता है
ताकि जनता के बीच
इसे खरीदने के लिए
पॉजिटिव माहौल
और आतुरता बढ़े

क्या आईपीओ के दौरान भी ऐसा
कुछ नहीं करना चाहिए?

'Social Media Influencer'



Apple will give her iphones even before they're available in retail market for purchase.



iJustine ✓
6.32M subscribers



Underwriter



Qualified Institutional Buyers (QIB): Mutual Funds, Insurance Company

- Underwriter will offer **some shares** to QIB, even before IPO-selling starts.
- To **↑ confidence of retail buyers.**
- Such QIB are called '**Anchor investors**'





Promoter

Fees



Underwriter

Initial Public Offer (IPO)



Qualified Institutional Buyers (QIB):

- insurance Cos, Mutual funds etc
- बड़ा खरीदार

Anchor investor is a
sub-type of QIB

IPO-Share buyers/investors

Retail investor:

- An individual investor who is not a QIB.
- आम /सामान्य

FII / FPI

- ans. Pillar#3
- विदेशी निवेशक





Promoter

Fees



Underwriter

Initial Public Offer (IPO)



Equities (Shares) – how to obtain capital?

Initial Public Offer

First time issued

जब पहली बार जारी किया

Issue Types

To All public

IPO

FPO

और ज्यादा पूँजी की जरूरत
पड़ी दोबारा when more
₹₹ req. later on then
again share-issue
Follow on Public Offer



Equities (Shares) – how to obtain capital?

Promoter

Fees



Underwriter

Initial Public Offer (IPO)



Issue Types

To All public

Only selected investors

IPO

Rights issue

FPO

Private placement

company gives share-purchase right / opportunity to existing investors.

वर्तमान निवेशक को पहला मौका दिया जाए शेयर खरीदे का यदि वह मना कर दे → बाहर वालों को खरीदने का मौका दिया जाए



Promoter

Fees

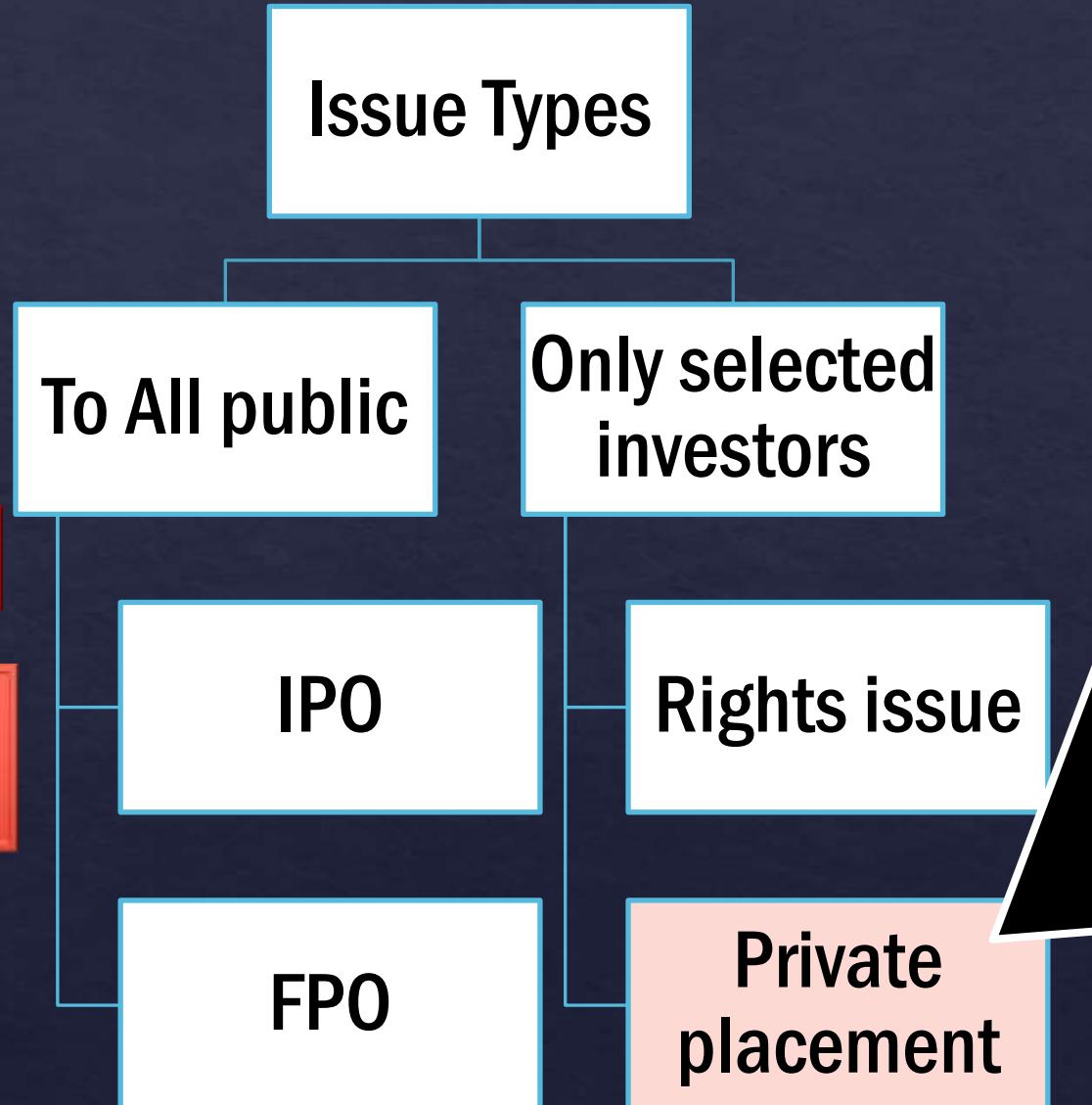


Underwriter

Initial Public Offer (IPO)



Equities (Shares) – how to obtain capital?



- **Not inviting applications from retail investors (aam-aadmi) but for Qualified institutional buyers (QIB) or selected buyers**
केवल कुछ चुनिदा बड़े निवेशकों को ही शेयर्स खरीदने का मौका दिया जाए

Equities (Shares)

5%
disinvestment
in LIC



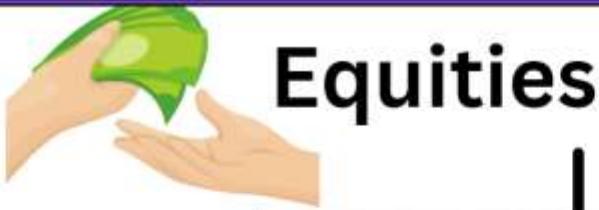
IPO
Initial Public Offer
issuing shares to
public for the
first time
पहली जारी किया



- LIC IPO: 2.70 billion Dollars mobilised!

- largest IPO ever in India!

6th biggest IPO globally!



धीरूध की नदियां बह रही हैं
Indian Economy में
-Eco.Survey 2023



5%
disinvestment
in LIC



- LIC IPO: 2.70 billion Dollars mobilised!
- largest IPO ever in India!
- 6th biggest IPO globally!



Equities (Shares)

↓
IPO

Initial Public Offer
issuing shares to
public for the
first time
पहली जारी किया

↓
FPO

Follow on Public Offer
issuing shares to
public for the
next time
दूसरी जारी किया



i'll issue
FPO to get
more
capital



Hindenburg
Research USA
negative report
against Adani



I'm
withdrawing
my FPO to
prevent loss
to investors



Poor cost benefit

- ◆ 500 types ke terms.
- ◆ Poor cost:benefit in MCQs
- ◆ Do 50:50 or skip.



नहीं अभी मुझे और 500 terms सिखाइए because they get asked in private mocktests

bonus shares /

share splitting /

share swap /

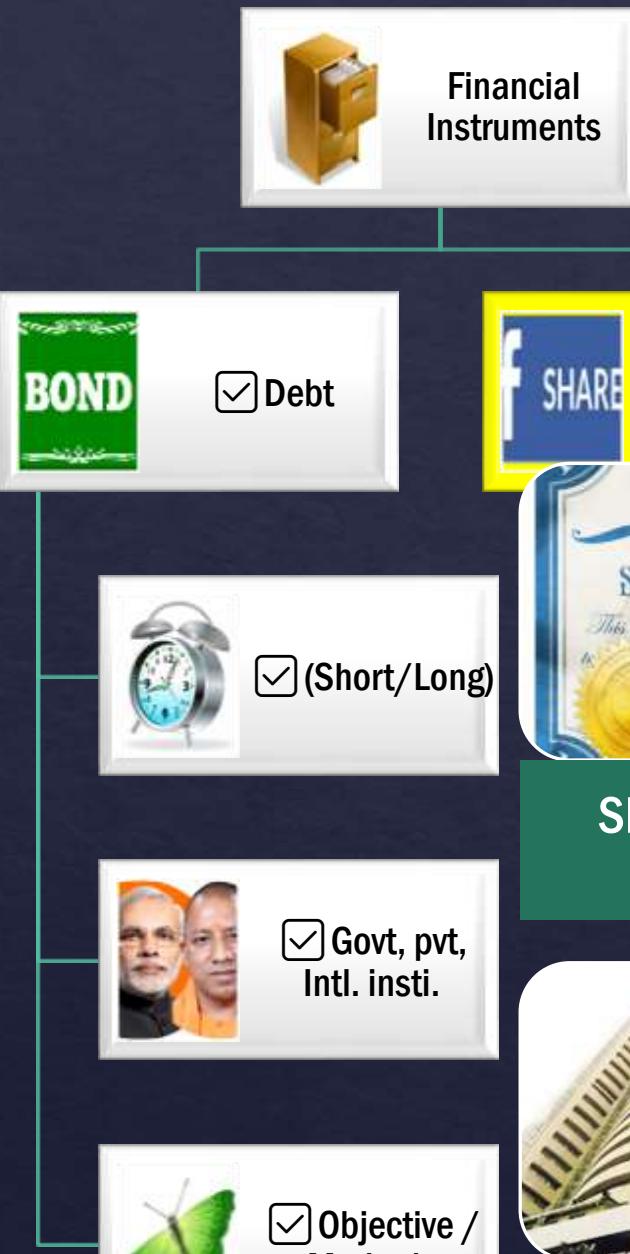
share buyback /

PE Ratio etc.

शेयर और शेयर आवंटन के विभिन्न प्रकारों के बारे में इससे ज्यादा और पढ़ने में फायदा कम



To be continued....



Equity



Share Types & Basics



SENSEX & Stock Exchange

SPAC, ICO



DEMAT, ASBA, ISIN



IPO-FPO, ADR-GDR

any hires an underwriter (usually, a merchant bank, investment for a fee).
 writer drafts Red Herring Prospectus for SEBI approval.
 Underwriter invites application from public & sells them at face value or higher. If less people subscribe → then writer will buy the unsold shares by himself.
 company had already issued shares previously, and now again more shares to obtain more capital→ it is called FPO.
 issue (अधिकार निर्माण): Company issues additional shares but first right to existing shareholders to buy them, if they refuse offered to outsiders.
 sale / Private placement / Qualified institutional placement
 ing bonus shares / share splitting / share swap / share PE Ratio etc. → NOT IMP. However, to satiate your curiosity self-study them from Investopedia, but that's not the best use hel
 Public sector oil company Aramco issued world largest IPO worth

→ 323 billion. It was listed at Riyadh's Tadawul Stock Exchange.
 ⇒ ES20: No of IPO-issuing Companies have declined: 134 (2017) → 103 (2018) → 47
 es problems like protectionism (trade war, Ref: Pillar3), NPA (Ref
 consumer demand are preventing some of the companies from though the total amount of ₹ raised has increased.



Mrunal's Economy Pillar#1C: SEBI Share-market— Page 127



Fees



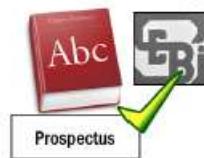
Underwriter

Initial Public Offer (IPO)



Promoter
not fully subscribed,
underwriter will buy
shares.

ASBA: Application Supported By Blocked Amount



SEBI & deepening of Capital Market



FMC, FSDC etc





Normal Company

IPO: Shares



Investors



Just 1 Word Asso



Normal Company

IPO: Shares



Investors



Just 1 Word Asso



Cryptocurrency
related Company

Initial Coin Offering (ICO)

Will not give share

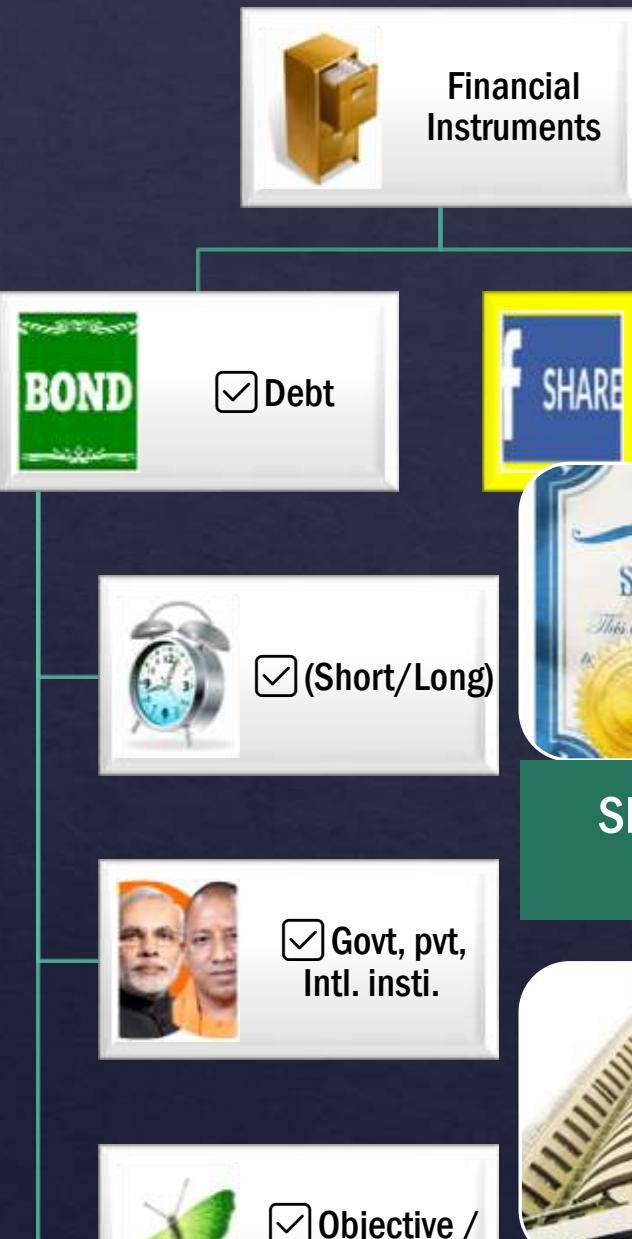
Will give tokens

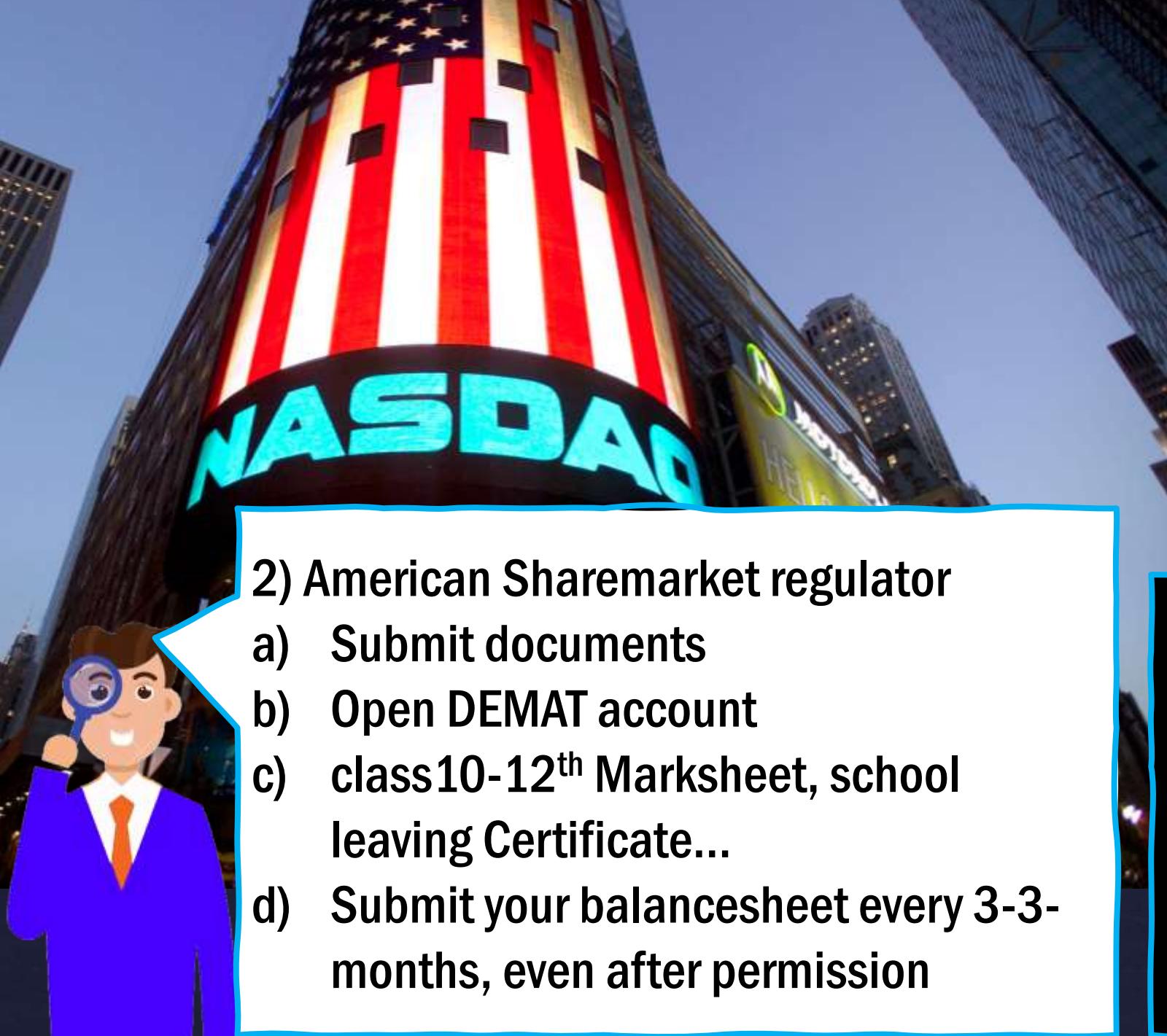
WHAT/How? NOT IMP



Investors

HDT continued





- 2) American Sharemarket regulator
 - a) Submit documents
 - b) Open DEMAT account
 - c) class 10-12th Marksheets, school leaving Certificate...
 - d) Submit your balancesheet every 3-3-months, even after permission

too much hassle



- 1) Non-American company
- Wants to raise money from American Sharemarket.
- By listing its SHARES in American Stock-exchange e.g. NASDAQ

American depository receipts (ADR: अमरीकी निपेक्षागार रसीद)

गैर अमेरिकी कंपनी अपने शेयर्स से किसी अमेरिकी बैंक को दे देगा
और उसके सामने अमरीकी बैंक अमेरिका के बाजार में रसीद जारी करेगा



I'll buy ADR of
JACK MA



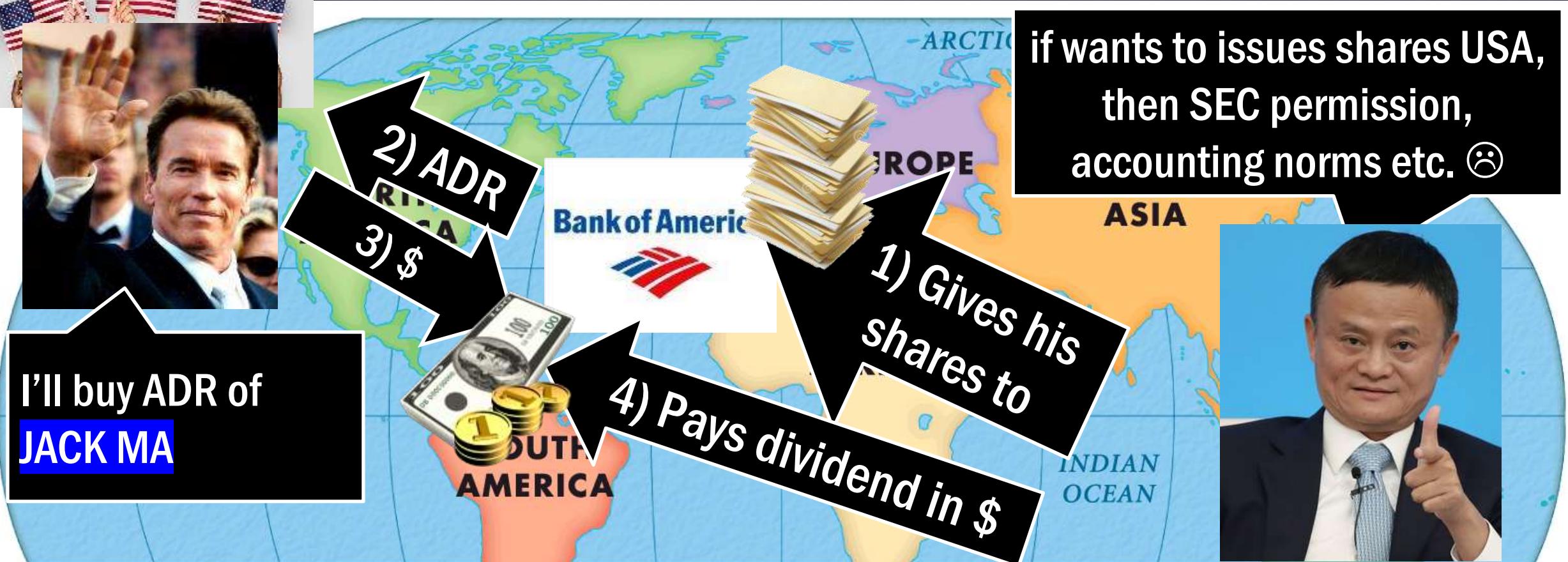
if wants to issues shares USA,
then SEC permission,
accounting norms etc. 😞

American depository receipts (ADR: अमरीकी निपेक्षागार रसीद)

गैर अमेरिकी कंपनी अपने शेयर्स से किसी अमेरिकी बैंक को दे देगा
और उसके सामने अमरीकी बैंक अमेरिका के बाजार में रसीद जारी करेगा



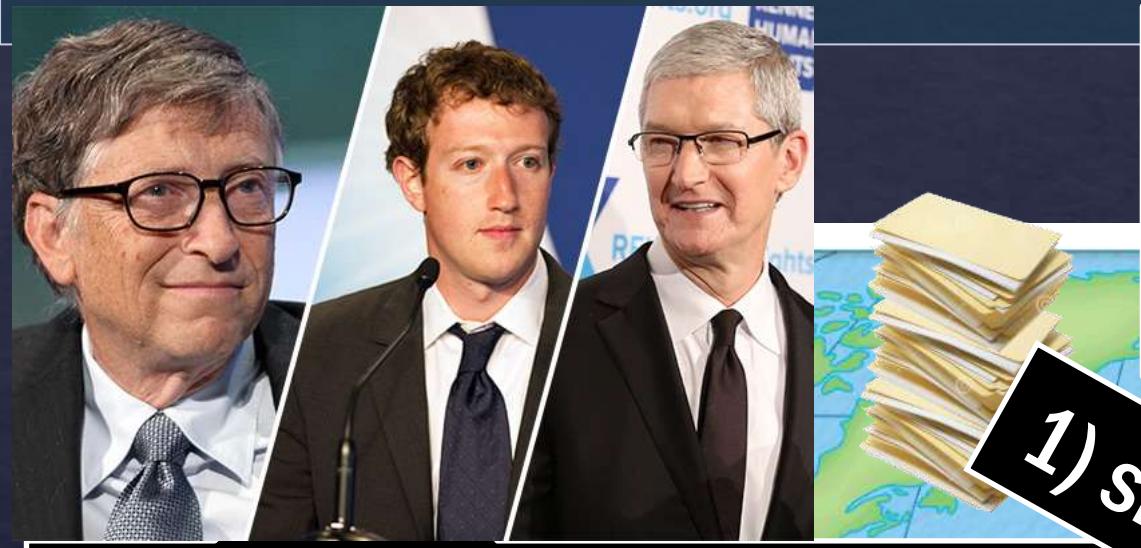
I'll buy ADR of
JACK MA



if wants to issue shares USA,
then SEC permission,
accounting norms etc. ☹

5) Global Depository Receipt: if bank issues in multiple countries, US/Euro.

Bharat/Indian Depository receipt (IDR)



- I want to **issue shares** in India to get equity finance for my American company.
- But **don't want to get SEBI permission, accounting norms.**

गैर भारतीय कंपनी → भारत के किसी बैंक को अपने **shares** देगा → उसके सामने भारतीय बैंक → भारत के बाजार में रसीद जारी करेगा



Bharat/Indian Depository receipt (IDR)



- I want to issue shares in India to get equity finance for my American company.
- But don't want to get SEBI permission, accounting norms.



Instrument

Masala
BOND

ADR (Share)

BharatDR
(Share)

Currency

Rupee

Dollar

Rupee

Investor

American

American

Indian

Company receiving capital

Non-American
(Indian)

Non-American

Non-Indian



171 onwards



Debt



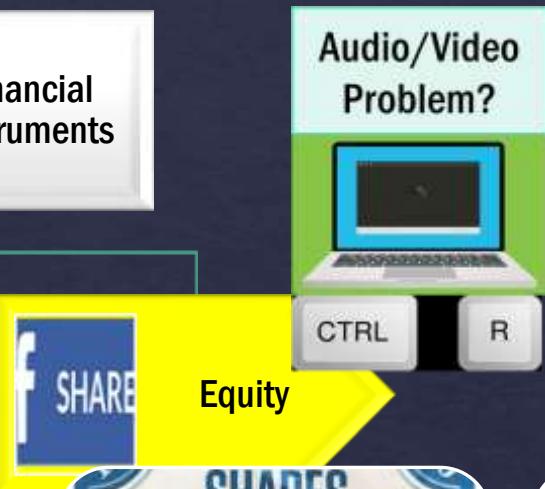
(Short/Long)



Govt, pvt,
Intl. insti.



Objective /
Methods



Equity



Share Types &
Basics



SENSEX & Stock
Exchange

Edu Doubt?
Ask through
Google
Forms



Handout @Handout Pg

171 onwards



Figure 3: Cryptocurrency में पागल हुई पब्लिक को फिरसे बैचकूफ बनाऊँ, तो कैसे?

- ⇒ Company wants investors' related to an existing cry
- ⇒ Then, it'll issue Initial Coi



DEMAT, ASBA,
ISIN



IPO-FPO,
ADR-GDR



FMC, FSDC etc

मैं regular studies नहीं
करूंगा क्योंकि पढ़ाकू बच्चों
को IPO में शेयर नहीं
आवंटित किये जाते



What is a stock market/ share market?



1) Jio-IPO issued



Primary Market

- Security issued for 1st time

2) Invested ₹10
Getting ₹2 dividend.



Secondary Market

- Resold by investors

What is a stock market/ share market?



1) Jio-IPO issued



2) Invested ₹10
Getting ₹2 dividend.



Primary Market

- Security issued for 1st time



Secondary Market
• Resold by investors

3) Later, Baba Ramdev launches IPO



4) I think Baba Ramdev's shares will give more dividend. 🎉🎉
• But my ₹₹ stuck in jio
• So better i sell Jio shares @stock exchange / share market

PRIMARY MARKET



Selling Jewelry for 1st time



I bought Jewelry.
So, TATA (Issuer
Company) got ₹₹

PRIMARY
MARKET



SECONDARY MARKET



Selling Jewelry for 1st time



PRIMARY
MARKET

✋ TATA will NOT GET MONEY whenever Jewelry resold by Bhide to Jethalal

I want to sell Jewelry (that I bought from Tata) to Jethalal because I need cash urgently.



Secondary Market. Investor Gets ₹

I bought Jewelry.
So, TATA (Issuer Company) got ₹₹



World's Oldest Stock exchange:

- Amsterdam Stock exchange (1602) Netherlands

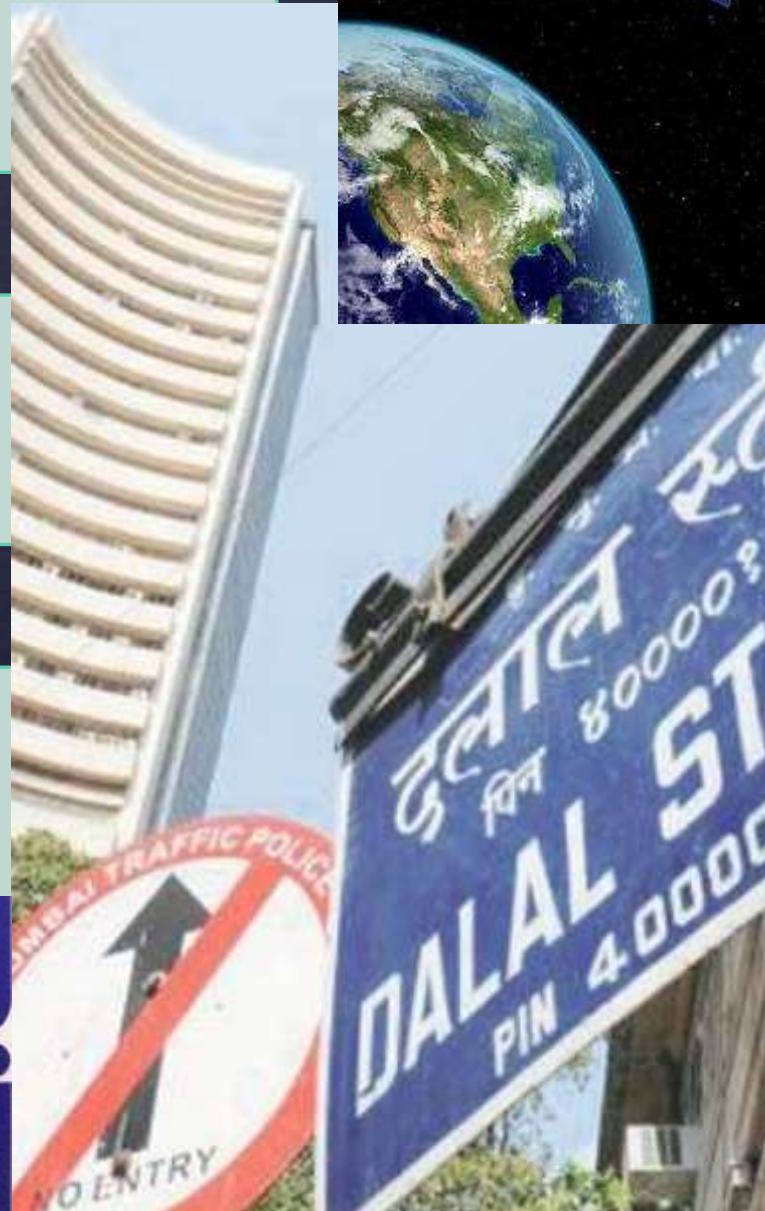
ASIA oldest:

- Bombay Stock Exchange (1875)

India's Oldest

- BSE→A'bad→Kolkata→NSE

एक बार यूपीएससी में ऐसी जनरल नॉलेज पूछी थी कि
इनमें से सबसे पुराना वाला स्टॉक एक्सचेंज कौन सा है



Stock exchange

World's Oldest:

- Amsterdam Stock exchange (1602) Netherlands

ASIA oldest:

- Bombay Stock Exchange (1875)

India's Oldest

- BSE→A'bad→Kolkata→NSE

BOLT (BSE's On-line Trading System)

NEAT (National Exchange for Automated Trading).

BOLT, NEAT & other software' data communication works through VSAT (Very Small Aperture Terminal) Satellite.
What is VSAT Ans. Sci-tech books/internet



शेयर बाजार के भी अपने अलग e-platform होते हैं और वह खास किस्म के संचार उपग्रहों द्वारा चलते हैं



(Full) Budget-2019: Social Stock Exchange - अगर कोई समाज सेवी संस्था ने अपने शेयर्स / बांड जारी करने हो तो उनके लिए अलग बाजार होना चाहिए

- ◆ Proposed under SEBI's regulation.
- ◆ It'll help social enterprises and voluntary organizations
- ◆ to raise capital as equity, debt or mutual funds.
- ◆ SEBI studying <update when launched>



Investors



❑ Secondary Market: Significance? (महत्व)



❑ Cost of Transactions

- You don't have to search around for buyers/sellers manually.
- सब खरीदार और विक्रेता एक जगह पे मिल जाते हैं। रिक्षा करके ढूँढने नहीं जाना पड़ता



❑ Liquidity to Financial Assets.

- संपत्ति की तरलता बढ़ती है क्योंकि चुटकी बजाकर खरीदार मिल जाता है।
- Investor sells securities in secondary market → ₹₹ could be re-invested to a new company's IPO in primary market → Contributes to Economic Growth.



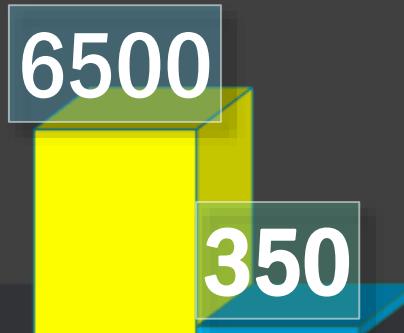
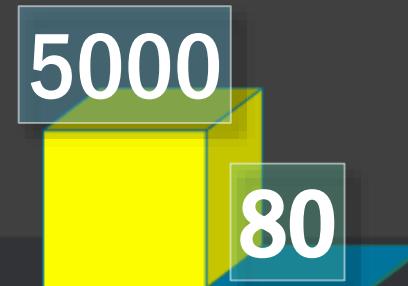
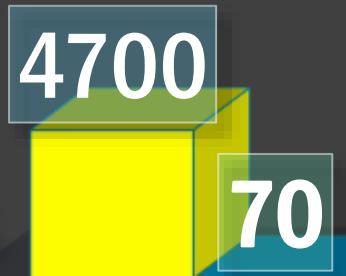
Facilitating Price Discovery

- of shares / bonds. औकात पता चल जाती है कंपनी की। निवेशक हवाबाजी में बेवकूफ नहीं बनेगा
- “Pressure On Industrialist” to remain hardworking and profit making.
- ELSE Yash Birla/ ANIL AMBANI Type situation .

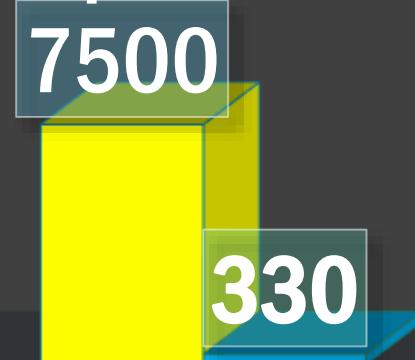


Sharemarket- some concepts:

■ SANOFI Share's Market Price



■ Profit per DIVIDEND



*Dividend Yield
Formula NOT
IMPORTANT*

2018

1.4%

2019

1.5%

2020

5.4%

2021

4.4%

$$\text{Dividend Yield} = \frac{\text{Dividend}}{\text{Share price (investment)}} = \frac{350}{6500} * 100 = 5.4\% \text{ (2020)}$$

SBI Bank Savings Account = 2.75% 😞 here I'm getting 4-5% 😊



Corona = pharma
companies superhigh
profit: **5.4% Dividend**

Corona decreased =
pharma companies high
profit : **4.4% Dividend**

Corona OVER= pharma
companies normal
profit : **1.5% Dividend**

NOT Corona =
pharma companies normal
profit: **1.5% Dividend**



2019

2020

2021

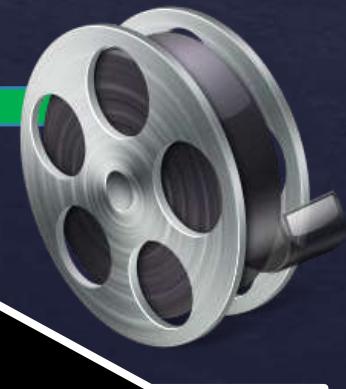
2022

2019

2020

2021

2022



Corona OVER= Cinema, Airline,
Hotels may resume good profit.
LET ME SHIFT from Pharma to Hotels



In primary market on 1st April 1979, if Kingfisher IPO was issued

मान लो माल्या ने कुल १ लाख शेयर्स जारी किये

SENSEX
calculation



**30k shares
with Mallya**

**70k with
public**



Free Float Market Capitalization (FFMC)

= no. of shares with public x price

= 70,000 x ₹10 = **7 lakh. (1979)**

👉 Year,
Formula
not imp.

SENSEX: Free Float Market Capitalization (FFMC)



FFMC (1979)

₹10 ka 1 share x 70k Nos = ₹7 lakh



FFMC (2020)

₹2000 ka 1 share x 70k Nos = ₹14cr



शेर तो उतने ही है
लेकिन उनकी कीमतें बढ़ी है

क्योंकि निवेशकों को लगता है

यह कंपनी बहुत मुनाफा करेगी और
हमें बहुत बड़ा डिविडेंड मिलेगा



Bombay Stock Exchange's Sensitive Index (BSE-SENSEX)

आधार वर्ष में कितना था, आज की तारीख में कितना है उसका बस अनुपात निकालो



BSE SENSEX

$$= FFMC \left(@ \frac{present}{Base Year} * 100 \right)$$

What is SENSEX?

- weighed average of FFMC **of 30 companies** (Exact formula notIMP) असल में एक नहीं, ऐसी 30 कंपनियां देखते हैं
- **30 companies** are selected by BSE's "Index Cell".

$$= \left(\frac{14 \text{ crore}}{7 \text{ lakh}} * 100 \right)$$

$$= 20,000 SENSEX$$

National Stock Exchange (NSE) → NIFTY50 Index to monitor performance of 50 companies' stock prices



NIFTY 50 STOCKS

$$\text{Stock Index} = \left(\frac{3A + 2B + 1C}{6} \right)$$

BSE SENSEX

- 30 companies shares monitored in sample

NIFTY50

- 50 companies shares monitored in sample

A Type of
Weighed Average.

Stock exchange indices

SENSEX?

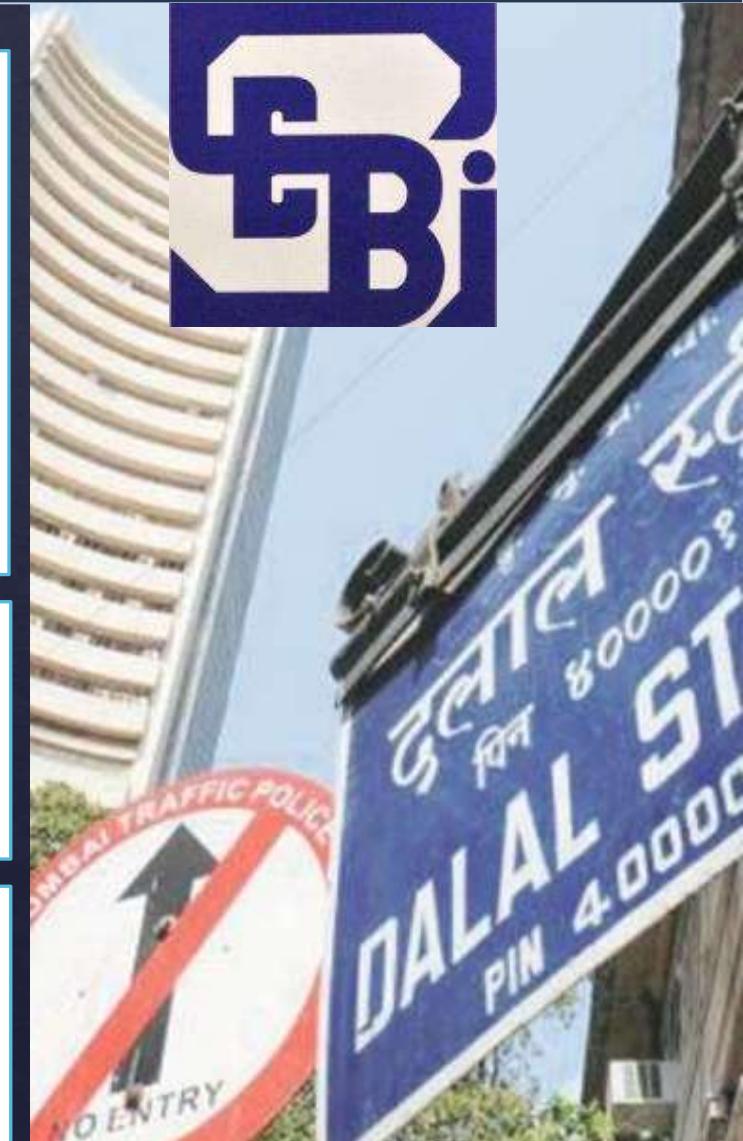
- Bombay Stock Exchange's index of 30 companies 30 कंपनियों की शेयर की कीमतों पर नजर रखकर सूचकांक बनाया जाता है

NIFTY?

- National Stock Exchange (NSE)'s index of 50 companies

Nikkei

- Tokyo Stock Exchange index of 225 companies.



BSE-SENSEX up and down... यह सूचकांक ऊपर/नीचे क्या कब और कैसे होगा

SENSEX – when does it go up 

Goes down  

 When bulls more active

 When bears more active

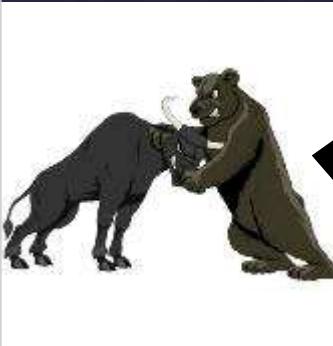
Bull

- Hopes prices will , so purchases even @higher price
- ₹10 → ₹2k (e.g. Infosys)



Bear

- Fears prices will  so, he SELLS his share
- ₹10 → ₹1 (e.g. YES bank)



भालू डरता है कि
उसके पास जो शेयर्स हैं
उसका दाम और गिर
जाएगा 
तो मेरा नुकसान और
ज्यादा हो जाए 
उसे पहले मैं बेच दूँ



BSE-SENSEX up and down...

SENSEX – when does it go up 🎉

1. RBI's soft /easy monetary policy → cheap loan & credit cards → consumers to spend more → more profit to company→ more dividend – investor thinks “better I buy more shares to get more dividend”: Bullish
2. If budget: 🔻 income tax.

😢 Goes down

Tight monetary policy
More taxes in budget



ग्राहक पहले से ज्यादा खरीदारी करेंगे तो कंपनी को ज्यादा मुनाफा होगा इसलिए रिजर्व बैंक की मौद्रिक नीति और भारत सरकार के आयकर शेयर बाजार को प्रभावित करेंगे

Bull

- Hopes prices will 🔺, so purchases

Bear

- Fears prices will 🔻 so, SELLS



BSE-SENSEX up and down...

SENSEX - goes up 😊

Peace, Economic boom / prosperity, Political Stability आर्थिक तेजी और राजनीतिक स्थिरता हो 😊

Companies will make more profit → more dividend 😊 😊



Bull

- Hopes prices will rise, so purchases

😢 Goes down

War, recession, political instability, protectionism, oil price volatility → Bearish market... 😢 😢



Bear

- Fears prices will fall so, SELLS



BSE-SENSEX up and down...

| | | | |
|---|---|---|---|
| SENSEX – when does it go up | Goes down |  |  |
| When govt. hikes foreign investment limits विदेशी निवेशकों को ज्यादा निवेश की अनुमति Pillar#3A | Inverse. | | |
| Merger-Acquisition, new product launches, land / environment permissions for new factory | CEO/MD arrest/FIR, Courts slapping fine, media exposing scandal...किसी कांड में पकड़ा जाए 😠 | | |

Companies will launch new products make more profit → dividend 🎓



Bull

- Hopes prices will rise, so purchases

Bear

- Fears prices will fall so, SELLS



Business News > Tech > ITeS > Whistleblower accuses Infosys of 'unethical' practices to boost numbers

Benchmarks >

Nifty • CLOSED

11,908.15 ↓ -103.90



NSE Gainer-Large Cap >

IGL

418.15 ↑ 24.95



FEATURED FUN...

HDFC Mid-Cap C...

Direct Plan-Grov...



Whistleblower accuses Infosys of 'unethical' practices to boost numbers

[HOME](#) | [MARKET](#)

Investors Lose ₹ 53,000 Crore As Infosys Shares Sink Amid Row Over CEO

The sharp losses in Infosys shares followed the worst fall in the company's American Depository Receipts since 2013 on Monday.

Market | Written by Sandeep Singh (with inputs from agencies) | Updated: October 22, 2019 16:14 IST

What exactly is the scam? Not imp.

Further, even paid media, fake news can also influence investors perception → SENSEX.

Yes Bank Shares Crash 40% After RBI Caps Withdrawals, SBI Plunges 12%

Concept1: Bond Yield \propto 1/Price (inverse relation)

सस्ते में खरीदा तो मुनाफा ज्यादा होगा

Recall
Pillar1A2
Op Twist

| Selling price of a \$100 Face value ka bond | Yield |
|---|-------|
| bought @100 | 8% |
| bought @95 | 14% |
| bought @90 | 20% |
| Bought @80 | 35% |



₹ 100
8% (coupon rate)
1 year

Price \uparrow = Yield \downarrow

Price \downarrow = Yield \uparrow

जितना सस्ते में खरीदा, उतना ज्यादा मुनाफा



2021: Hardening / rising USA Bond Yield → Exit of Foreign investors from India, Sharemarket 

अमेरिका में ज्यादा मुनाफा है में भारत के शेयर बेच के उधर अमेरिका में पैसा लगाऊं



1) Suppose USA
Bond yield 
from
8% to 20% 

I'll sell my Indian shares take
out ₹ → convert to \$ & run to
USA for more profit 

Sensex falls 2.25%: How rising bond yields fuelled fund outflow from markets

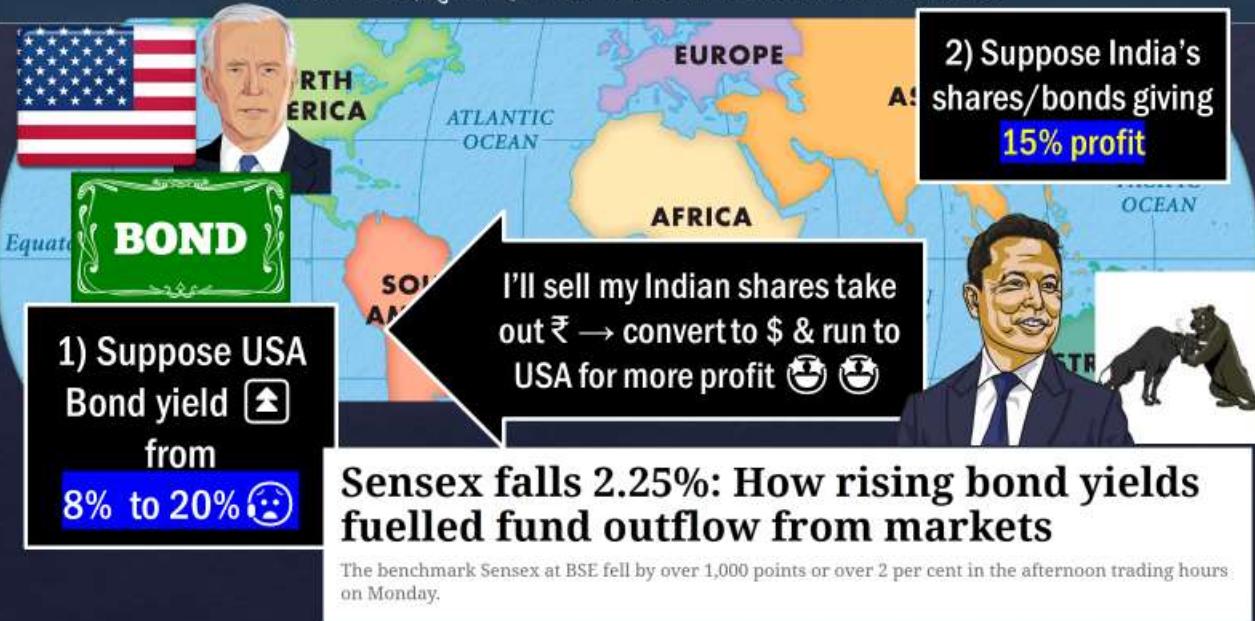
The benchmark Sensex at BSE fell by over 1,000 points or over 2 per cent in the afternoon trading hours on Monday.

2) Suppose India's
shares/bonds giving
15% profit



2021: Hardening / rising USA Bond Yield → Exit of Foreign investors from India, Sharemarket ↘

अमेरिका में ज्यादा मुनाफा है मेरे भारत के शेयर बेच के उधर अमेरिका में पैसा लगाऊं



1. Wait for my course for America-ki-IAS exam
2. Wait for my course for America-ki-IAS exam
3. Not important.# થોડા-પઢો-આગે-
બઢો



यूपीएससी के
बाबू शोने

1. But why is Bond Yield ↑ in USA?
2. What is USA federal reserve doing about it?
3. How does this relate to Operation Twist of RBI?



IPO bubble

◆ We'll learn this in Mains Series.





1) Malaysian Builder

- Took **advance payment** from families **to build homes**
- But Chinese **workers** emigration restricted by **Corona** → construction delay



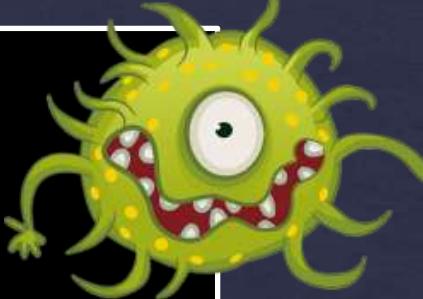
3) Judge

- Contracting party couldn't finish obligation because of '**Force Majeure**' (फोर्से मेजर)
- like natural disaster, war, epidemic, cyber-attack.
- Then I **can't punish** them.

2) Malaysian Buyers

- Refund our money back.
- Throw this builder in jail - अभी के अभी जेल भेजो इसे





- **Force majeure** : many projects will get stuck.
- Airline companies, cargo companies: Traffic ↓
- Profit ↓ → **dividend ↓**
- Better I **exit from Sharemarket**. Will sell my ₹100 share → ₹80 Because if I **don't exit now**, later my share may not even fetch ₹60, as **Corona spreads further.**)



Dow Jones drops over 3% on virus fears, travel shares slammed



Coronavirus carnage: Sensex crashes 1,448 pts; Nifty ends at 11,202

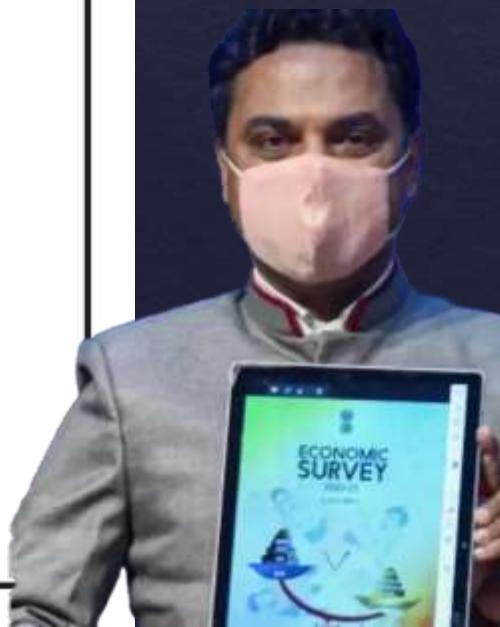
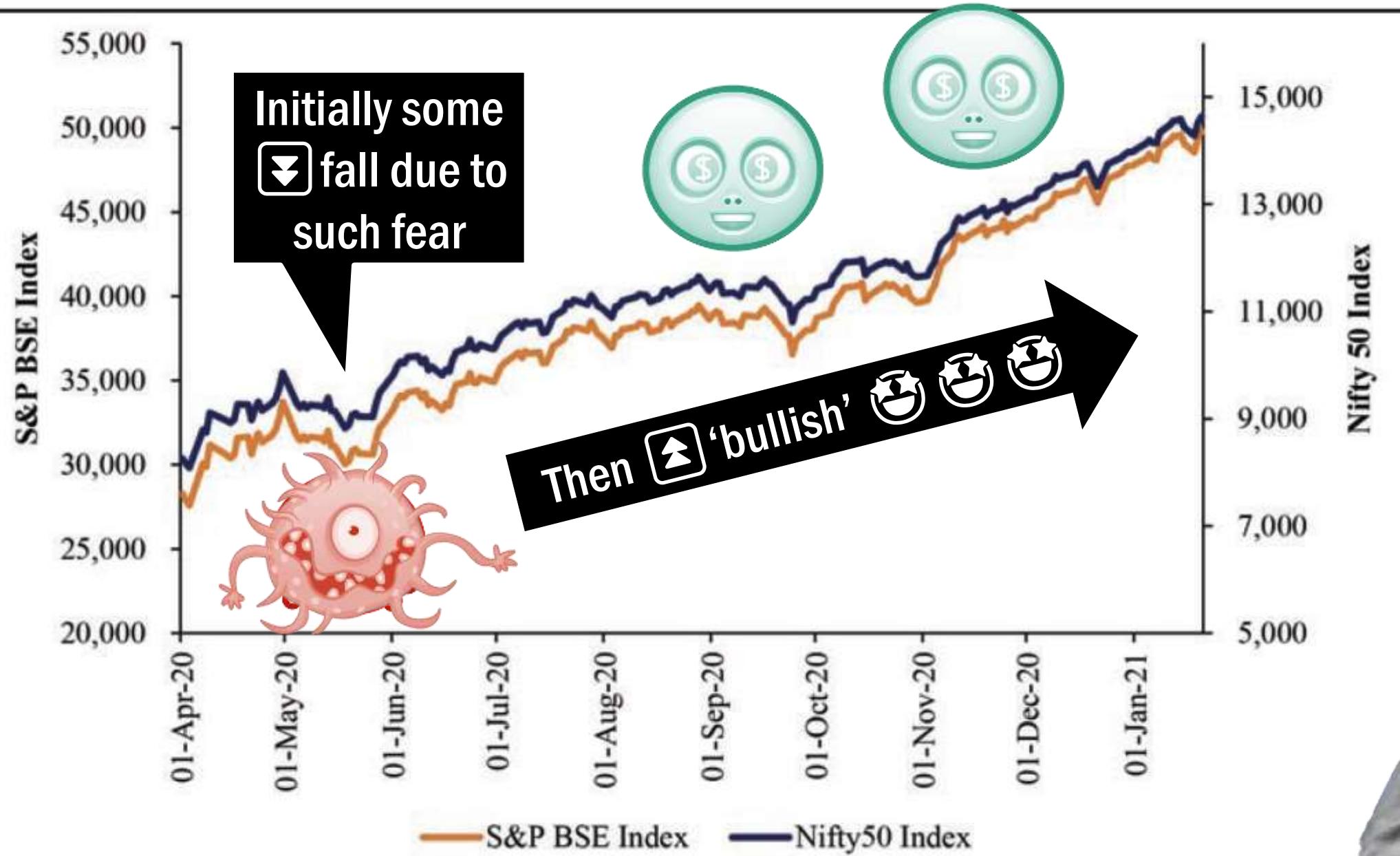
ET NOW | 28 FEB 2020, 06:11 PM IST



Nikkei falls as coronavirus fears rise; most Asian markets remain closed for holiday

Published: Jan. 26, 2020 at 11:35 p.m. ET

Figure 16 (a): Movement of Indian Benchmark Indices



Corona: economic slowdown then why Sharemarket

यदि कोरोना से आर्थिक मंदी है तो शेयर बाजार गिर जाना चाहिए, लेकिन उल्टा ये तो बढ़ क्यों रहा है?

◆ 1) Cheap Loans / Expansionary Monetary Policy

→ Some of that money may have entered the share market through large investors.

◆ 2) 'work from home' + RBI loan Moratorium- may have encouraged many service sector employees to invest ₹ in the sharemarket.

◆ 3) Unprecedented demand and profit for IT and Pharma sector- Encouraged the investors to park their money in such shares at very high price.



Corona: economic slowdown then why Sharemarket

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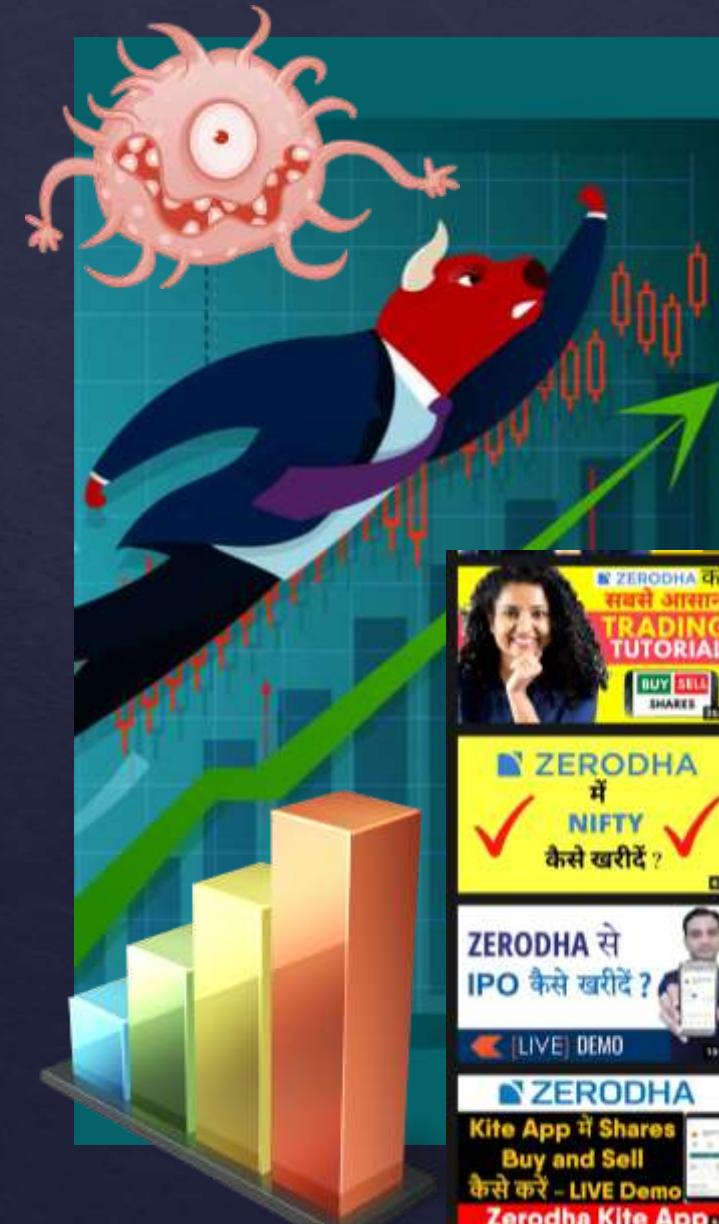
◆ 4) Youtubers/Reddit/Social media influencers

giving online share trading Tips. Many Apps available.

◆ American video game store company

GAMESTOP's shares  1625% in 1 year.

◆ Although, Such gimmickry will attract more small investors to invest although in future they may lose when in the share market, if they buy shares on mass-hysteria but company is weak in profit.



India's sharemarket fallen but less fallen than China, S.Korea etc





Financial
Instruments

Debt



Equity



(Short/Long)



Govt, pvt,
Intl. insti.



Objective /
Methods

Audio/Video
Problem?



CTRL R

Edu Doubt? Ask through

Google
Forms



Share Types &
Basics



DEMAT, ASBA,
ISIN



SENSEX & Stock
Exchange



SEBI & deepening
of Capital Market

15.8 SECURITIES AND EXCHANGE BOARD OF INDIA (SEBI)



भारतीय प्रतिभूति और विनियम बोर्ड
Securities and Exchange Board of India

- ⇒ भारतीय प्रतिभूति और विनियम बोर्ड, HQ- Mumbai
- ⇒ (1988) Formed by an executive order → (1992) Became Statutory Body → powers increased through amendments in 1999 & 2014. Now it can order search and seizure, attachment of properties, arrest and detention.
- ⇒ SEBI Board Composition: Chairman + 1 officer from RBI + 2 officers from Union Government + 5 members appointed by Union Government.



IPO-FPO,
ADR-GDR



* सिर्फ अमीरों का नहीं, गरीबों की बचत का पैसा भी जाना चाहिए!

hard-earned savings → alcoholism, depression,

share market & they may invest in gold / real economy.

capital market → corporate companies will have to raise funds. But banks' lending capacity is limited by CRR, SLR.

In capital market = "Deepening of the capital market" (जो बाजार की जड़ों को ओर गहरा करना) → factory growth.

Securities and Exchange Board of India (SEBI), Mumbai

यह संस्था काम क्या करती है?

1988

Executive
order



Harshad Mehta scam

1992

Statutory
status
→ SAT



1999, 2014

Amendment

it can order search and
seizure, attachment of
properties, arrest and
detention.



SAHARA scam



Power Bahubali



Power Bahubali

Securities and Exchange Board of India (SEBI), Mumbai

यह संस्था काम क्या करती है?

1. Regulates **Process** of issuing securities (Bonds, Shares, IPO, ETF, ReIT, INVITs, etc.) under the Securities Contracts Regulation Act, 1956 [SCRA].
2. Regulates **Places** (Depositories, Stock exchanges, Commodity Exchanges etc.)
3. Regulates **Persons** (individual investors, QIB, FPI, Brokers, Fund Managers, Public Limited companies etc.)
4. Regulates **any collective investment scheme** ₹100 crore / >



Securities and Exchange Board of India (SEBI), Mumbai

यह संस्था काम क्या करती है?



Regulates Process

1. of issuing securities (Bonds, Shares, IPO, ETF, ReIT, INVITS, etc.)
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Regulates Places

- (Depositories, Stock exchanges, Commodity Exchanges etc.)



Regulates Persons/entities

- individual investors, QIB, FPI,
- Brokers, Fund Managers, Public Limited companies etc.)



Regulates any collective investment scheme

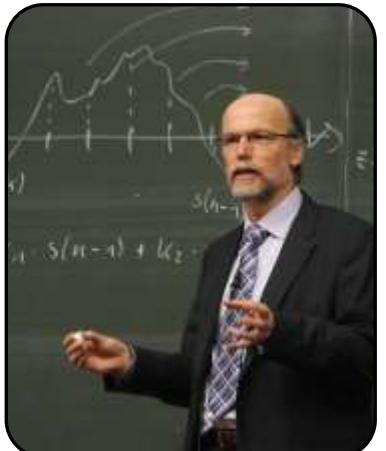
- If total ₹100 crore / > mobilized





SCORES

1. Complaint Portal



SMARTs

1. Investor Education Program

सेबी के खिलाफ Appeal hierarchy

SEBI

SAT

SC



आदेश के खिलाफ अपील करनी हो तो?

- Securities Appellate tribunal (SAT).
- Similarly, **IRDAI, PFRDA** के खिलाफ अपील में जाना हो तो → **SAT**.

 भारतीय प्रतिभूति और विनियम बोर्ड
Securities and Exchange Board of India

ABOUT

LEGAL

ENFORCEMENT

Home » About SEBI » Board

Board Members



Ms. Madhabi Puri Buch

1) You issued debentures without our permission, so refund money & pay XX ₹ fine. आपने बिना हमारी अनुमति के बांड जारी किए तो अब जुर्माना भरो



Don't waste time. Technical stuff not asked from SEBI topic

यह सब अपनी परीक्षा में काम का नहीं क्योंकि इस किस्म के प्रश्न पूछे नहीं जा रहे हैं ⚡

Sebi floats consultation paper on SROs

At its board meet on March 27, Sebi had approved floating of such a consultation paper.

ETMarkets.com | Apr 01, 2019, 03.26 PM IST

SEBI paper on regulatory sandbox for fintech testing

Larsen & Toubro vs Nalanda Cap stand-off reaches Sebi's doors

Prasad believes L&T is undervaluing Mindtree and investors should hold out for a better deal

Finance ministry asks Sebi to reverse 'disruptive' AT1 bonds order

TNN | Updated: Mar 13, 2021, 11:08 IST



Out of 100 Qs

2020 3

2019 1

2018 1

2017 0

2016 2

2015 0

2014 1

Budget-2021: Securities Market Code

1) SEBI Act,
1992,

2)
Depositories
Act, 1996,

3) Securities
Contracts
(Regulation)
Act, 1956

4)
Government
Securities
Act, 2007.

पुराने विभिन्न कानूनों का
एकीकरण विलीनीकरण
करके "प्रतिभूति बाजार
संहिता" नामक नया कानून
बनेगा

merging older acts: new law
named "**Securities Markets Code**"



A citizens' charter (नागरिक अधिकारपत्र)

- ◆ document of commitments made by a government agency to the citizens
- ◆ 1991: UK PM John Major started Citizen Charter
- ◆ 1997: India also introduced Citizen Charter
- ◆  Budget-2021: we'll create investors charter
- ◆ Investors easily know about services / complaint redressal mechanisms (शिकायत निवारणतंत्र)



आप शिकायत कीजिए
इस नंबर पे, __ __ दिनों में
निपटारा होगा

Share/bond investment
scam ...में लूट गया, बर्बाद हो
गया. कोई तो मदद करो.



Budget-2021: Proposed to create an "investor charter"

❖ A citizens' charter (नागरिक अधिकारपत्र) is a document of commitments made by a government agency to the citizens

- ❖ e.g. if "X" problem is not solved in "Y" days
- ❖ then complain to "Z" officer
- ❖ on ABC Phone number / email address etc.
- ❖  Budget-2021: "investor charter" for financial investors across all financial products (Share, Bond, derivatives, Commodities market etc).

- यारे निवेशकों आपको कोई भी शिकायत करनी हो तो किस अफसर को शिकायत करनी है,
- कितने दिनों में उसका निपटारा होगा
- वह सब का एक अधिकार पत्र बना कर देंगे



Investor Charter kya hai? चिकनी चुपड़ी बातें हैं। पढ़ो समझ में आ जाएगा

Self-study from Handout

15.11 📜 💵 SEBI INVESTOR CHARTER (निवेशक अधिकार पत्र)

- ⇒ (Definition) A citizens' charter (नागरिक अधिकारपत्र) is a document of commitments made by a government agency to the citizens in respect of the services being provided to them. e.g. if "X" problem is not solved in "Y" days then complain to "Z" officer on ABC Phone number / email address etc.
- ⇒ (Origin) 📈 Budget-2021: we'll create an "investor charter" (निवेशक अधिकार पत्र) for financial investors across all financial products (Share, Bond, derivatives, Commodities market etc).
- ⇒ SEBI notified this in 2021-November.
 - This charter applies on Entities/actors e.g. investors, mutual funds, stock brokers, stock exchanges, depositories, underwriters, real estate investment trusts (REITs), infrastructure investment trusts (InvITS), & other collective investment schemes,
 - This charter applies on Events e.g. initial public offerings (IPO), FPO, etc.

15.11.1 📜 💵 SEBI Charter → Investors' rights (निवेशक के अधिकार)

- ⇒ Investors are entitled to fair treatment from SEBI & its regulated entities (E.g. Mutual fund, stock-brokers IPO-underwriters etc). (सेबी और उसके द्वारा नियंत्रित संस्थाओं से निवेशक को न्यायोचित व्यवहार का अधिकार होगा।)
- ⇒ Investors can expect complaint resolution from SEBI's SCORES Portal in a time bound manner (if his complaint not solved by the) (सेबी के ऑनलाइन स्कोर पोर्टल पे समय पर न्याय/ शिकायत निवारण का अधिकार)
- ⇒ SEBI regulated entities (E.g. Mutual fund, stock-brokers IPO-underwriters etc) Will be required to display on their website average time taken to solve complaints internally. (सेबी द्वारा नियंत्रित संस्थाओं ने अपनी वेबसाइट पर दर्शाना होगा कि वे आतंरिक रूप से ग्राहक शिकायत निवारण में कितना समय लेते हैं)

15.11.2 📜 💵 SEBI Charter → Investors' responsibilities (निवेशक की ज़िम्मेदारी है)

- ⇒ Investor must not share critical information such as DEMAT passwords with anyone. (डिमेट सारे का पासवर्ड इत्यादि साझा न करने की ज़िम्मेदारी)
- ⇒ Before making an investment, investors must read and understand offer documents related to a financial instrument (e.g. share, bond, ETF etc), know the risks involved (किसी भी जगह वित्तीय निवेश करने से पहले उससे जुड़े जोखिमों की सारी जानकारी पढ़ने की ज़िम्मेदारी निवेशक की होगी)
- ⇒ Investor must read about various fees/service charges involved in a transaction
- ⇒ Investor must keep track of DEMAT/Bank account statements. if any discrepancy, he must communicate to the concerned authorities or re-verify his/her account & changes transferred without knowledge. (डिमेट/बैंक खाते की अंदर की वार्ताएं बनाएं। अगर कोई अंतर देखा जाए तो उसके बारे में जानकारी लें और अपने खाते को अपने ज्ञान के बिना बदलने से पहले उसकी जांच करें।)



Investor
ke rights

Investor ke
responsibilities



Share/bond
investment scam ...में
लूट गया, बर्बाद हो गया. कोई
तो मदद करो.



Financial
Instruments

Debt



Equity



(Short/Long)



Govt, pvt,
Intl. insti.



Objective /
Methods

Audio/Video
Problem?



CTRL R

Edu Doubt? Ask through

Google
Forms



Share Types &
Basics



DEMAT, ASBA,
ISIN

15.8 SECURITIES AND EXCHANGE BOARD OF INDIA (SEBI)

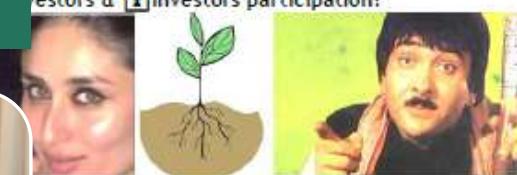


भारतीय प्रतिभूति और विनियम बोर्ड
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IPO-FPO,
ADR-GDR



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In capital market = "Deepening of the capital market" (जो बाजार की जड़ों को ओर गहरा करना) → factory growth.



SENSEX & Stock
Exchange



continued

SEBI & deepening
of Capital Market



FMC, FSDC etc



Investment in Companies, Govt



1) Savings



2) How can we expand our business!? We are not getting enough capital 😞

सिर्फ कपूर खानदान की निवेश
करेगा तो
हमें पर्याप्त पूँजी नहीं मिलेगी
ज्यादा निवेशकों ने हिस्सा लेना
चाहिए



Investment in Companies, Govt



1) Savings



2) How can we expand our business!? We are not getting enough capital 😞



5) Deepening of capital market
पूँजी बाजार की जड़ों को और गहरा करना

Investment in Companies, Govt



Retail participation required

4) Savings

3) More people should invest ज्यादा निवेशकों ने है पूँजी बाजार में हिस्सा लेना चाहिए



Budget 2019: SEBI norms on minimum shareholding by public in listed companies



- We can invest IF good companies's share are available
 - अच्छी कंपनियों के शेयर खरीदने को मिलने भी तो चाहिए!
 - कोई भी फालतू कंपनी में हम क्यों निवेश करेंगे?
 - और अच्छी **blue chip** कंपनियों के शेयर तो मुकेश अंबानी के कब्जे में हैं
- सामान्य निवेशक 😠

Budget 2019: SEBI norms on minimum shareholding by public in listed companies

अच्छी कंपनियों के शेयर खरीदने को मिलने भी तो चाहिए! कोई भी फालतू कंपनी में हम क्यों निवेश करेंगे?



Promoter
75%

PRIVATE SECTOR COMPANY

Public Investors
25%



Promoter
65%



Public Investors
35%

अनिवार्य रूप से जनता को कम से कम इतनी शेयर हिस्सेदारी देनी होगी

- This can be accomplished by
- (1) **Mukesh selling away his shares OR**
- 2) Reliance issuing additional shares (FPO) but **Mukesh doesn't buy it.**
- For public sector (=Government companies) the norm is **25% .**
- **Corona → Atmanirbhar → Norms / deadlines deferred. WHEN? NOTIMP**

BEFORE 2021: not possible to directly buy G-Sec for retail investor



What is Government securities?

Ans. Taught in pillar1A2

Earlier it'd be directly invested
Through this route

Mutual Funds, NBFCs

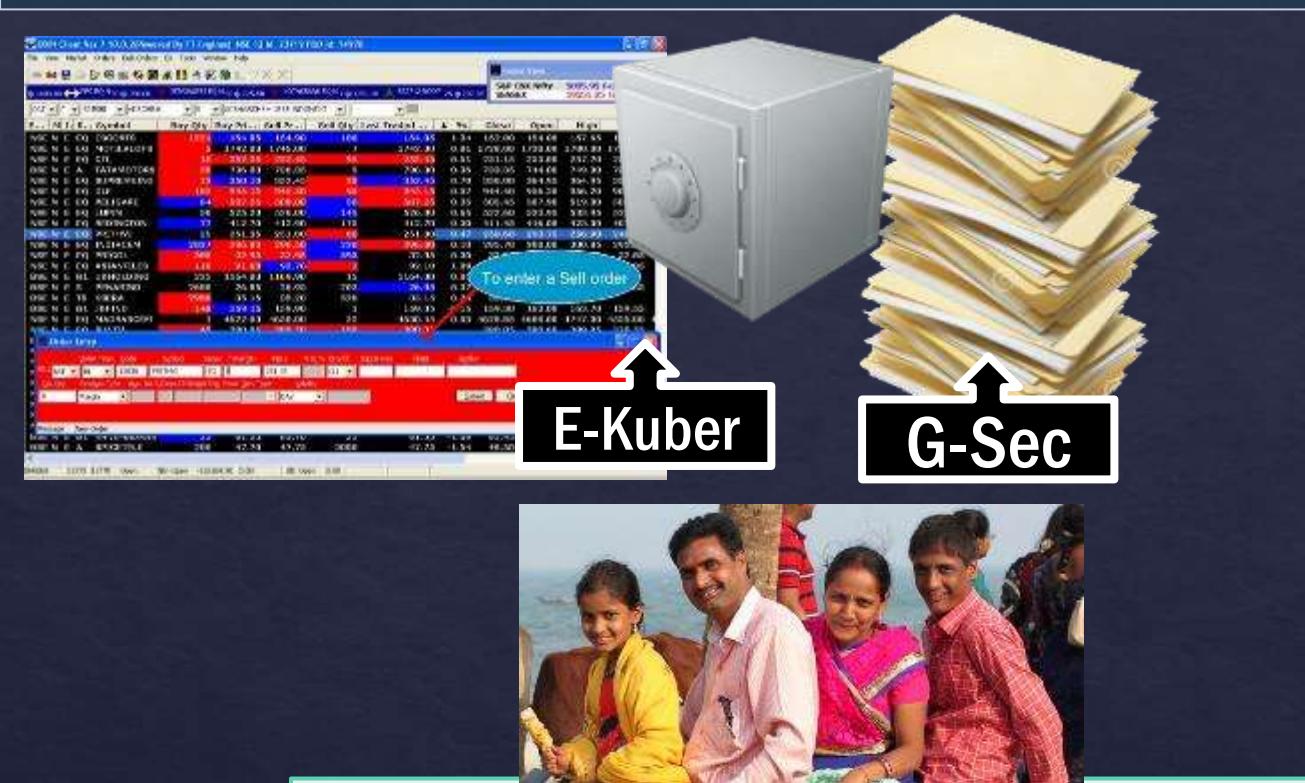


Retailers' DEMAT account



2021: RBI's proposal to increase retail participation in G-sec

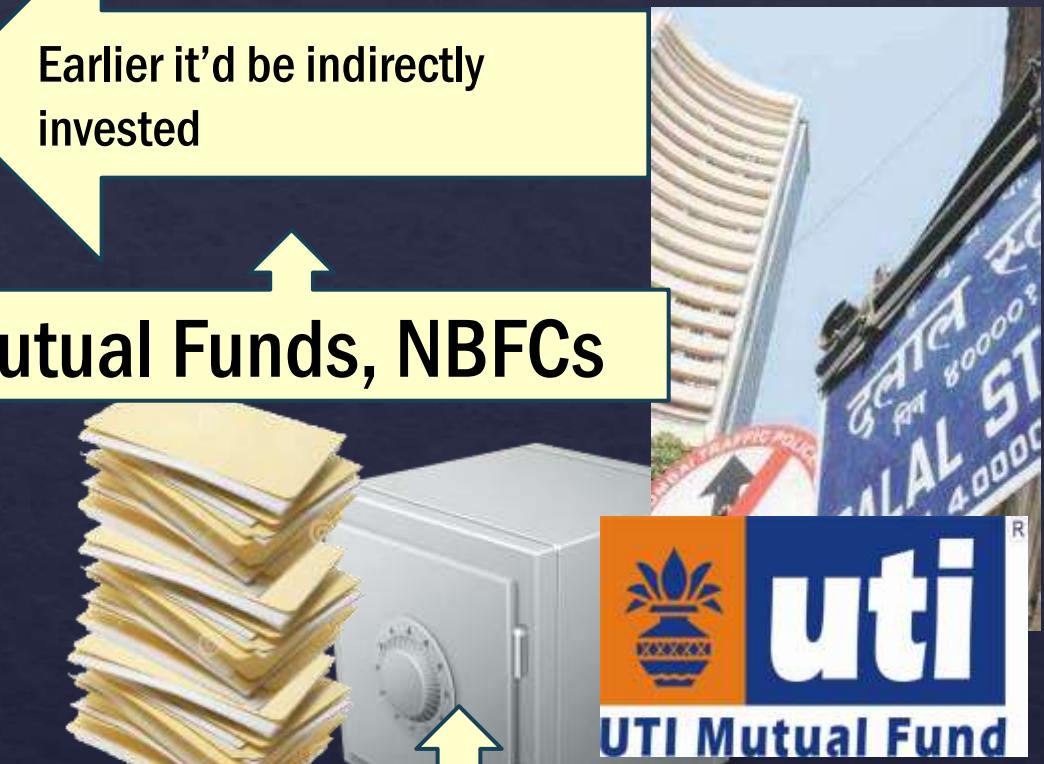
आम निवेशक सीधा ही रिजर्व बैंक में खाता खोल सके सरकारी प्रतिभूति खरीदने के लिए



- 2021: RBI has announced it'll allow Retail Investors to Open “Retail Direct Gilt (RDG) account” with RBI's E-Kuber

Earlier it'd be indirectly invested

Mutual Funds, NBFCs

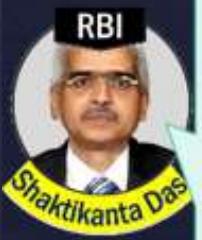


Retailers' DEMAT account

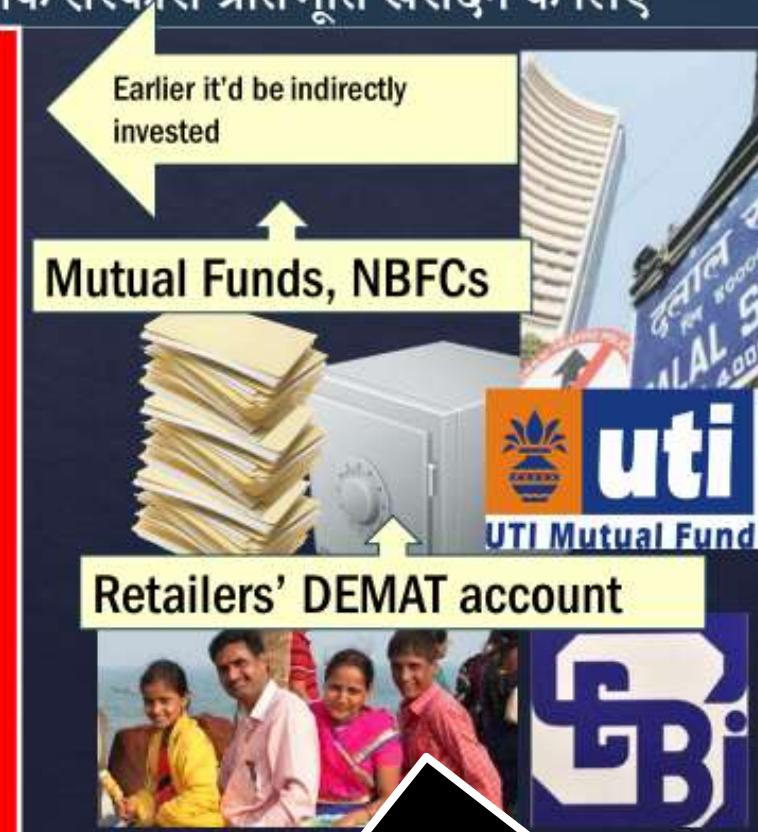


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- 2021: RBI has announced it'll allow Retail Investors to Open “Retail Direct Gilt (RDG) account” with RBI's E-Kuber



This is available

This is not banned.
This is also available

RBI NDS-OM

RBI E-Kuber Core Banking Solution (CBS)

LAF Windows

CRR, SLR
monitor

PSLC
Trading

Centralised Payment
Systems (CPS)

NDS

REPO

SDF etc

NEFT

RTGS

G-Sec
Trading



G-Sec Trading: RBI's Negotiated Dealing System (NDS) for recording the transactions of G-Sec buy-sell. It has following components:



TELEPHONIC

- i.e. buyer/seller call each other on the telephone, make the deal about buying and selling and then inform the reserve bank's NDS system (ke we've done this deal).



Over-The-Counter (OTC)

- Buyer physically walks into the seller's office (or vice versa) and conducts the transaction. Later they report transactions to RBI's NDS System (ke we've done this deal).



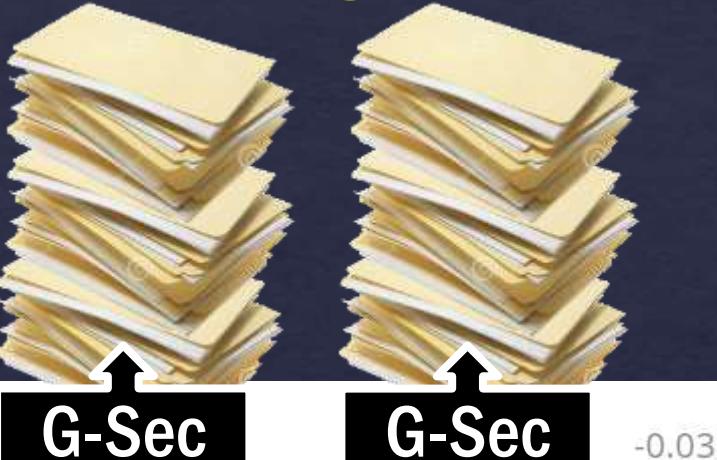
NDS-OM: Negotiated Dealing System-Order Matching system (NDS-OM)

- electronic, computer screen based, anonymous, order driven trading system for dealing in G-sec's secondary market.
- Buyer-seller places orders online without knowing names/phone numbers of each other.

G-Sec Secondary Market:

NDS-OM: Negotiated Dealing System-Order Matching system

OMO-> GSAP
REF: 1A2



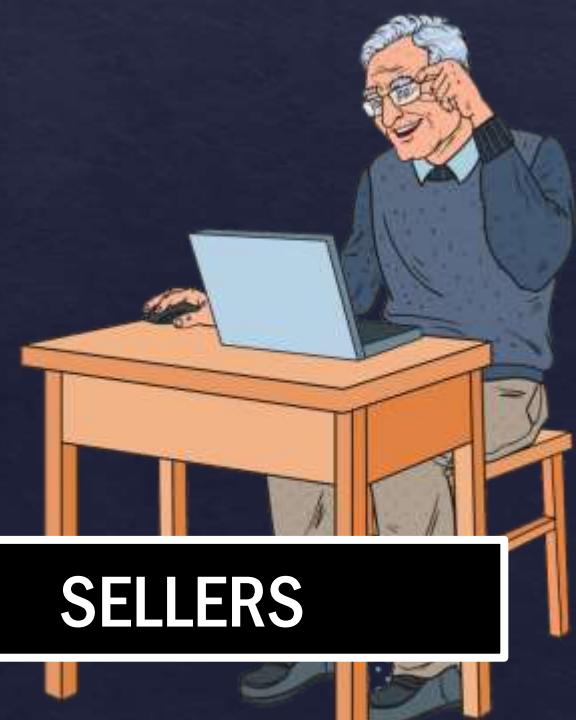
मैंने प्राइमरी मार्केट में
पहले ही खरीद के रखा
था अभी मैं इसको किसी
को बेचूंगा



| BID | ORDERS | QTY. | OFFER | ORDERS | QTY. |
|--------|--------|-----------|--------|--------|-----------|
| 185.35 | 21 | 9900 | 185.40 | 1 | 50 |
| 185.30 | 61 | 20306 | 185.45 | 23 | 27643 |
| 185.25 | 32 | 12473 | 185.50 | 62 | 28534 |
| 185.20 | 45 | 23683 | 185.55 | 35 | 21535 |
| 185.15 | 28 | 27949 | 185.60 | 55 | 30290 |
| Total | | 33,84,146 | Total | | 79,00,386 |

BUYERS

SELLERS



मुझे

Ph.d कराओ

NDS-0M pe 500 jaat ke doubts



इतनी पंचात क्यों करनी है, भाई?



Just 1 Word Asso

- How is this screen driven
- How is this Anonymous
-What is the role of CCIL in this database management



Financial
Instruments

Debt



Equity



(Short/Long)



Govt, pvt,
Intl. insti.



Objective /
Methods

Audio/Video
Problem?



CTRL R

Edu Doubt? Ask through

Google
Forms



Share Types &
Basics



DEMAT, ASBA,
ISIN

15.8 SECURITIES AND EXCHANGE BOARD OF INDIA (SEBI)



भारतीय प्रतिभूति और विनियम बोर्ड
Securities and Exchange Board of India

- ⇒ भारतीय प्रतिभूति और विनियम बोर्ड, HQ- Mumbai
- ⇒ (1988) Formed by an executive order → (1992) Became Statutory Body → powers increased through amendments in 1999 & 2014. Now it can order search and seizure, attachment of properties, arrest and detention.
- ⇒ SEBI Board Composition: Chairman + 1 officer from RBI + 2 officers from Union Government + 5 members appointed by Union Government.



IPO-FPO,
ADR-GDR



* सिर्फ अमीरों का नहीं, गरीबों की बचत का पैसा भी जाना चाहिए!

hard-earned savings → alcoholism, depression,

share market & they may invest in gold / real economy.

capital market → corporate companies will have to raise funds. But banks' lending capacity is limited by CRR, SLR.

In capital market = "Deepening of the capital market" (जो बाजार की जड़ों को ओर गहरा करना) → factory growth.



SENSEX & Stock
Exchange



SEBI & deepening
of Capital Market



FMC, FSDC etc

Scams: Harshad Mehta, Ketan Parekh: ‘share price rigging’

शेर की कीमतों में जोड़-तोड़ या धांधली करना

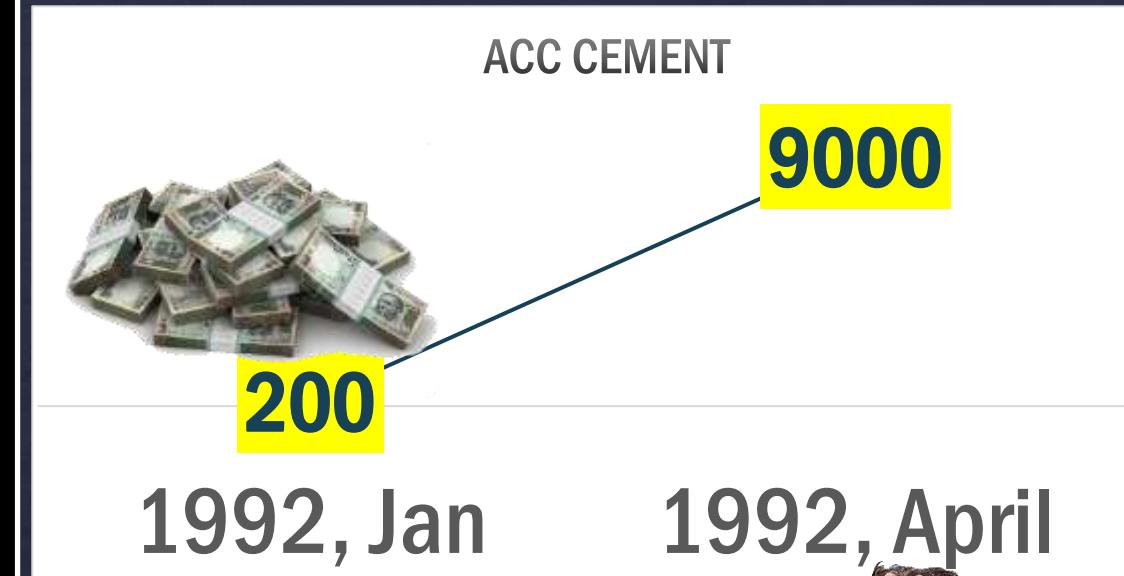
1. Arranged money from banks with fake documents. फर्जी दस्तावेजों की मदद से बैंकों से पैसा हासिल किया

2. Quickly bought in secondary market shares → ↑ demand → ↑ prices...

जमकर कंपनियों के शेयर की खरीदारी शुरू की ताकि दाम बढ़ जाए

3. Other investors joined this ‘Bull’ Mania दूसरे लोग भी खरीदने लग गए

4. Harshad Mehta, Ketan Parekh sold their shares to make large profit. तब हर्षद, मेहता ने अपने शेयर्स बेच के निकल गया



Exact Modus operandi not imp.

SEBI Reform: circuit breaker- अगर अचानक से सूचकांक में उछाल आ जाए तो बाजार को रोक दिया जाएगा

Compared to Yesterday's BSE-NSE index...

10% ↑ / ↓

- 1 hr halt

15%

- 2 hr

20%

- Whole day



ACC CEMENT

9000

200

92, Jan 1992, April

- Accordingly, trading will be stopped across India
-  Exact figures / timing / conditions are different. This is only for illustration. (असल नियम अलग होंगे तो सिर्फ समझाने के लिए)
- 'word association': protects investors from share price rigging / manipulation.



Badla system (Carry forward Transaction)



1) I'll buy your Infosys shares for ₹1200



इसकी टोपी उसके सर पे = scope for scams. How? NOTIMP



- 2) Wait wait.. I don't have ₹1200 right now,
- but I'll pay u in next 72 days.
- Keep this ₹100 for your inconvenience



- 3) hello! U want to buy Infosys shares for ₹1300... pay me ₹ right now,
- I'll deliver to you in next 72 days.



Badla system: Carry forward system: SEBI stopped it.

👉 Mechanism not important, MOTIVE IS.



😢 Before SEBI reform

- T+(upto) 72 days
- 😢 Misuse? Delay in settlement. इसकी टोपी उसके सर पे
- (He would misuse facility for promising to trade same share with multiple parties)



😊 After SEBI reform

- T+2 days settlement
- One party delivers shares/bonds,
- other party pays money -
- settle this trade within 2 working days.
जिस तारीख पर शेयर्स खरीद बिक्री हुई ...
- उसके 2 दिनों के भीतर ही एक हाथ शेयर दो दूसरे हाथ पैसा लो



BUYERS

T+2 Settlement

| SBIN | | -0.03 % | | 185.40 | |
|--------|--------|-----------|--------|--------|-----------|
| BID | ORDERS | QTY. | OFFER | ORDERS | QTY. |
| 185.35 | 21 | 9900 | 185.40 | 1 | 50 |
| 185.30 | 61 | 20306 | 185.45 | 23 | 27643 |
| 185.25 | 32 | 12473 | 185.50 | 62 | 28534 |
| 185.20 | 45 | 23683 | 185.55 | 35 | 21535 |
| 185.15 | 28 | 27949 | 185.60 | 55 | 30290 |
| Total | | 33,84,146 | Total | | 79,00,386 |



SELLERS



1/1/2021

- TRADE AGREED UPON. KE YES we'll do it.

 SHARE

WITHIN 2 Working DAYs

- Buyer to transfer money &
- Seller to transfer shares to DEMAT account

T+1 Settlement from 2022



BUYERS

| SBIN | | -0.03 % | | 185.40 | |
|--------|--------|-----------|--------|--------|-----------|
| BID | ORDERS | QTY. | OFFER | ORDERS | QTY. |
| 185.35 | 21 | 9900 | 185.40 | 1 | 50 |
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SELLERS



1/1/2022

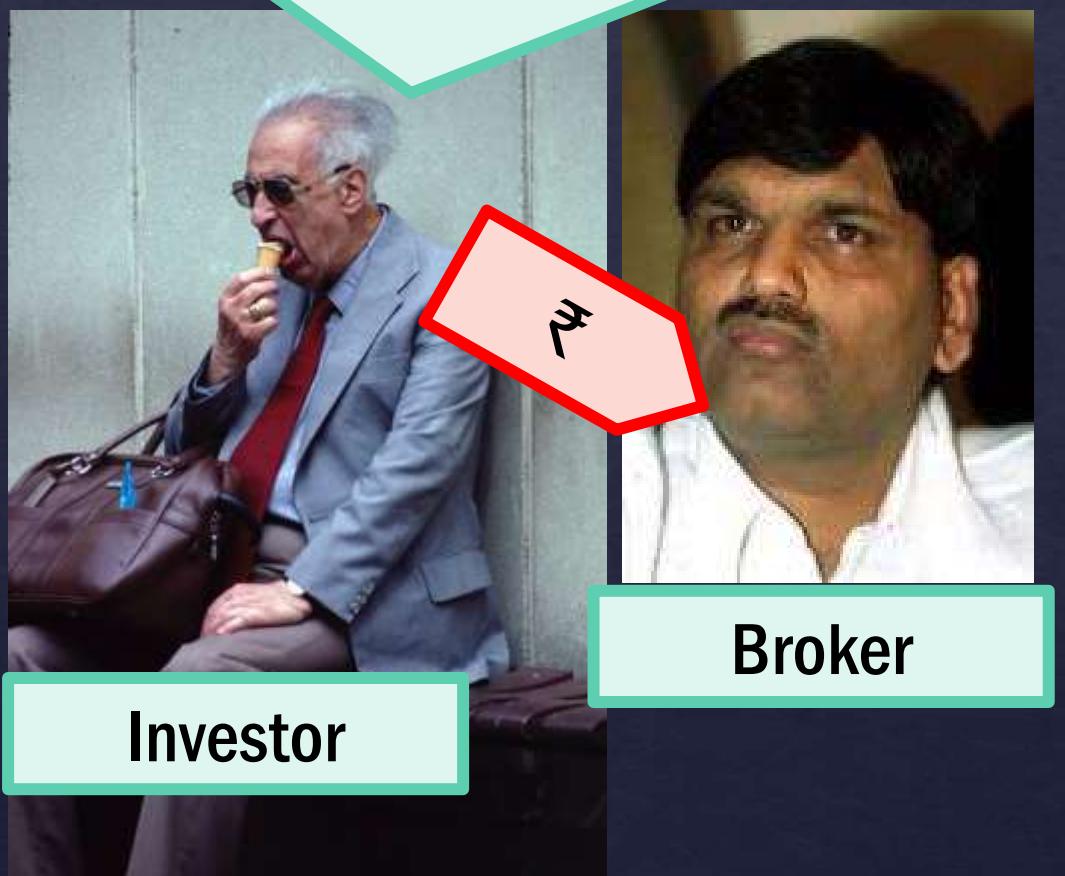
- TRADE AGREED UPON. KE YES we'll do it.

 SHARE

WITHIN 1 Working DAY

- Buyer to transfer money &
- Seller to transfer shares to DEMAT account

- 1) I don't know how to place order on this online portal. Please do it for me. Here is money.
- 2) मेरे नाम पर ऑनलाइन ऑर्डर दो



BSE's online BOLT software

- 1) I don't know how to place order on this online portal. Please do it for me. Here is money.
- 2) मेरे नाम पर ऑनलाइन ऑर्डर दो



2) ग्राहक का पैसा लिया लेकिन ऑनलाइन ऑर्डर नहीं दिया.



BSE's online BOLT software

- 2) Broker uses BOLT/NEAT software..to check price, सॉफ्टवेयर पर सिर्फ कीमत देखता है लेकिन असर में खरीदता देता नहीं है
- but trade happens only in his “Dabba” (unofficial account book/ledger.)
- AND not in the official DEMAT accounts-
- he waits till prices fall to make purchase
- so he can make more profit from client’.

SEBI made 'Dabba Trading or bucketing' as illegal

- ◆ Client defrauded because broker is not 'executing' the trade.
- ◆ Government is deprived of Securities Transaction Tax, Capital Gains Tax. (more with Pillar#2: BUDGET lecture.)
- ◆ Used for gambling/betting on share prices (जुआ/ सद्वा खेला जाता है)

अवैध और
गैरकानूनी

| Symbol | Name | Buy Price | Sell Price | Buy Qty | Sell Qty | Buy Total | Sell Total | Buy Date | Sell Date | Buy Time | Sell Time | Buy Type | Sell Type |
|-----------------------|------|-----------|------------|---------|----------|-----------|------------|------------|------------|----------|-----------|----------|-----------|
| NSE: M-C-100-DABBA | | 108.00 | 104.00 | 100 | 100 | 10800.00 | 10400.00 | 2014-05-29 | 2014-05-29 | 10:45:00 | 10:45:00 | Market | Market |
| NSE: M-E-100-DABBA | | 314.92 | 314.00 | 100 | 100 | 31492.00 | 31400.00 | 2014-05-29 | 2014-05-29 | 10:45:00 | 10:45:00 | Market | Market |
| NSE: M-C-A-100-DABBA | | 136.00 | 134.00 | 100 | 100 | 13600.00 | 13400.00 | 2014-05-29 | 2014-05-29 | 10:45:00 | 10:45:00 | Market | Market |
| NSE: M-E-A-100-DABBA | | 330.93 | 328.00 | 100 | 100 | 33093.00 | 32800.00 | 2014-05-29 | 2014-05-29 | 10:45:00 | 10:45:00 | Market | Market |
| NSE: M-E-100-CLP | | 945.25 | 948.00 | 100 | 100 | 94525.00 | 94800.00 | 2014-05-29 | 2014-05-29 | 10:45:00 | 10:45:00 | Market | Market |
| NSE: M-E-100-CTP | | 108.00 | 106.00 | 100 | 100 | 10800.00 | 10600.00 | 2014-05-29 | 2014-05-29 | 10:45:00 | 10:45:00 | Market | Market |
| NSE: M-E-100-ELT | | 142.00 | 140.00 | 100 | 100 | 14200.00 | 14000.00 | 2014-05-29 | 2014-05-29 | 10:45:00 | 10:45:00 | Market | Market |
| NSE: M-E-100-INDIA | | 412.50 | 412.00 | 100 | 100 | 41250.00 | 41200.00 | 2014-05-29 | 2014-05-29 | 10:45:00 | 10:45:00 | Market | Market |
| NSE: M-E-100-PCPMS | | 85 | 851.35 | 900.00 | 100 | 85000.00 | 851350.00 | 2014-05-29 | 2014-05-29 | 10:45:00 | 10:45:00 | Market | Market |
| NSE: M-E-100-PCLNSM | | 200.00 | 195.92 | 900 | 900 | 200000.00 | 195920.00 | 2014-05-29 | 2014-05-29 | 10:45:00 | 10:45:00 | Market | Market |
| NSE: M-E-100-PSLNSM | | 144.00 | 141.80 | 500 | 500 | 144000.00 | 141800.00 | 2014-05-29 | 2014-05-29 | 10:45:00 | 10:45:00 | Market | Market |
| NSE: M-E-100-SHREDFIN | | 325 | 329.82 | 1000.00 | 35 | 325000.00 | 329820.00 | 2014-05-29 | 2014-05-29 | 10:45:00 | 10:45:00 | Market | Market |
| NSE: M-E-100-SHREDFIN | | 298.00 | 298.00 | 1000 | 1000 | 298000.00 | 298000.00 | 2014-05-29 | 2014-05-29 | 10:45:00 | 10:45:00 | Market | Market |
| NSE: M-E-100-SHREDFIN | | 144 | 142.72 | 900.00 | 900 | 144000.00 | 142720.00 | 2014-05-29 | 2014-05-29 | 10:45:00 | 10:45:00 | Market | Market |
| NSE: M-E-100-SHREDFIN | | 142.72 | 142.72 | 1000 | 1000 | 142720.00 | 142720.00 | 2014-05-29 | 2014-05-29 | 10:45:00 | 10:45:00 | Market | Market |

2) ग्राहक का पैसा लिया लेकिन ऑनलाइन ऑर्डर नहीं दिया।

1) मेरा ऑनलाइन ऑर्डर देदो



Mechanism not important. Basic word association enough

Insider trading (भेदीया लेन देने)

- ❖ Whenever company launches new products, wins unique patents, or undergoes merger and acquisition- its share prices will ↑.
- ❖ If a person associated with company uses such confidential information for buying/selling shares to make windfall gains.
- ❖ Such insider trading is illegal

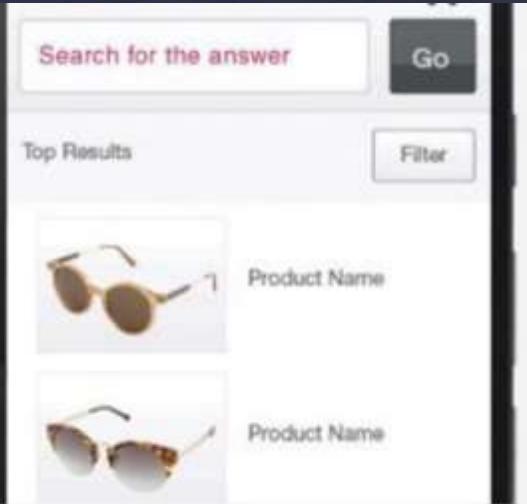
Sebi plans to tighten insider trading rules



1. My company going to launch new drug, so I'll buy shares now
2. then once official announcement is made, share price will ↑, I'll sell to others, to make profit.

Exact mechanism not imp.

STEP 2
Find the fashion product



STEP 3
Go to the product page

2) Booked even before we can find!

3) Some hackers/nerds/ geeks must be using automated bots / scripts. → to sell them at higher prices later on. So bad for genuine customers 😢😢



1) Booked even before we load the page- एक सेकंड में ही सारा स्टॉक खत्म हो जाता है 😢

**Algo Trade = computer
Algorithms to do automated
buying/selling shares.**



**Corner good
deals- by
placing
faster orders**

**Manipulate
prices by
large scale
order/sale**



**Small
investors
suffers** 😢

**Hence SEBI issuing norms
like “can't place more than
100 orders in a second”**

Co-location controversy = broker keeping computer system very near to stock exchange = high speed trade



100 meters away
0.0002 second



1500 kms away....
Msg reaches 0.1 second



मेरा कंप्यूटर, स्टॉक एक्सचेंज के बहुत नजदीक है
तो मुझे तुरंत सारी जानकारी **fast-fast** मिल जाएगी और
मैं किफायती दामों पर सारे अच्छे शेयर खरीद लूंगा 😊

कोई अच्छी कंपनी के शेयर
किफायती दाम पर बचा ही
नहीं। दुसरो ने सब कुछ खरीद
लिया 😢 😢

Handout Uploaded

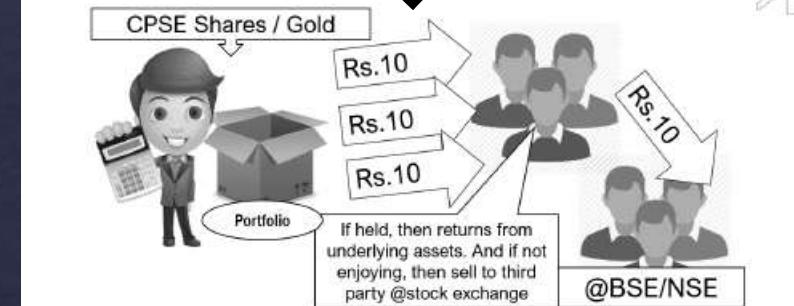


Figure 10: how do exchange traded funds (ETF) work?

⇒ BHARAT-22: Another CPSE-ETF when Govt wanted to disinvest shares from 22

Audio/Video Problem?

**Edu Doubt?
Ask through**

Google Forms

- ✓ For Government companies = Easier and more efficient to borrow ₹ instead of individually launching their bonds in the market.
- ✓ For Investors = safety because of assured return on bonds, irrespective of Government company's profit.
- ✓ Enhanced retail participation → deepening capital market. (खुदरा निवेशक की मदद से पूँजी बाजार की जड़ों की ओर गहरा करना)
- ✓ In future, more fund managers may be selected, and even non-AAA rated public sector bonds may also be included.
- ✓ Budget-2020: given success of Bharat bond ETF, we are planning to launch another debt-ETF containing G-sec. This will help the retail investors to invest in G-sec.

Misc. : Gold-ETF: Investors give money → manager buys gold for safekeeping and trades it depending on price movements → returns are divided among the unit-holders. In

pillar1C: Sharemarket

किसी मेनेजर की मदद से परोक्ष रूप से निवेश



MF-HedgeFund



REITS-InvlTs



ETF, AIF



P-Notes &
Derivatives



Future &
Options



Financial
Instruments

Debt



Equity



(Short/Long)



Govt, pvt,
Intl. insti.



Objective /
Methods

Audio/Video
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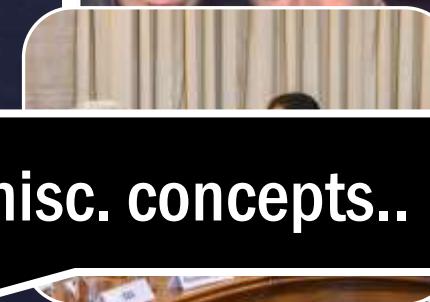
IPO-FPO,
ADR-GDR



SENSEX & Stock
Exchange



SEBI & deepening
of Capital Market



Few misc. concepts..



सिर्फ अमीरों का नहीं, गरीबों की बचत का पैसा भी जाना चाहिए!

hard-earned savings → alcoholism, depression,

share market & they may invest in gold / real economy.

Capital market → corporate companies will have to raise funds. But banks' lending capacity is limited by CRR, SLR.

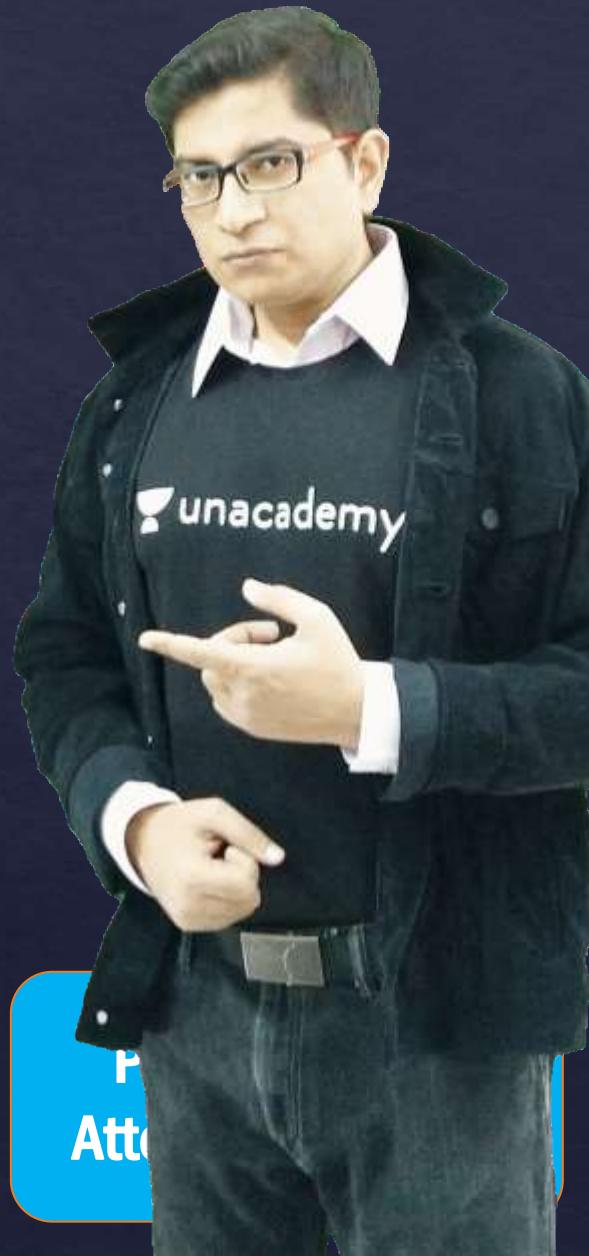
In capital market = "Deepening of the capital market" (जो बाजार की जड़ों को ओर गहरा करना) → factory growth.

With reference to India, consider the following statements:

- 1) Retail investors through demat account can invest in 'Treasury Bills' and 'Government of India Debt Bonds' in primary market. [आम निवेशक डीमैट खाते द्वारा प्राथमिक बाजार में सरकारी प्रतिभूतियों में निवेश कर सकता है]
- 2) The 'Negotiated Dealing System-Order Matching' is a government securities trading platform of the Reserve Bank of India. [NDS-OM सरकारी प्रतिभूतियों में खरीद बिक्री करने के लिए रिजर्व बैंक द्वारा बनाया गया मंच है]
- 3) The 'Central Depository Services Ltd.' is jointly promoted by the Reserve Bank of India and the Bombay Stock Exchange. [CDSL को रिजर्व बैंक और बॉम्बे स्टॉक एक्सचेंज द्वारा संयुक्त रूप से बनाया गया था]

Which of the statements given below is/are correct?

- a) 1 Only b) 1 and 2 c) 3 Only d) 2 and 3



100% Surety

50:50

E) Skip

P
Atte

BEFORE 2021: not possible to directly buy G-Sec for retail investor



Earlier it'd be directly invested
Through this route

Mutual Funds, NBFCs



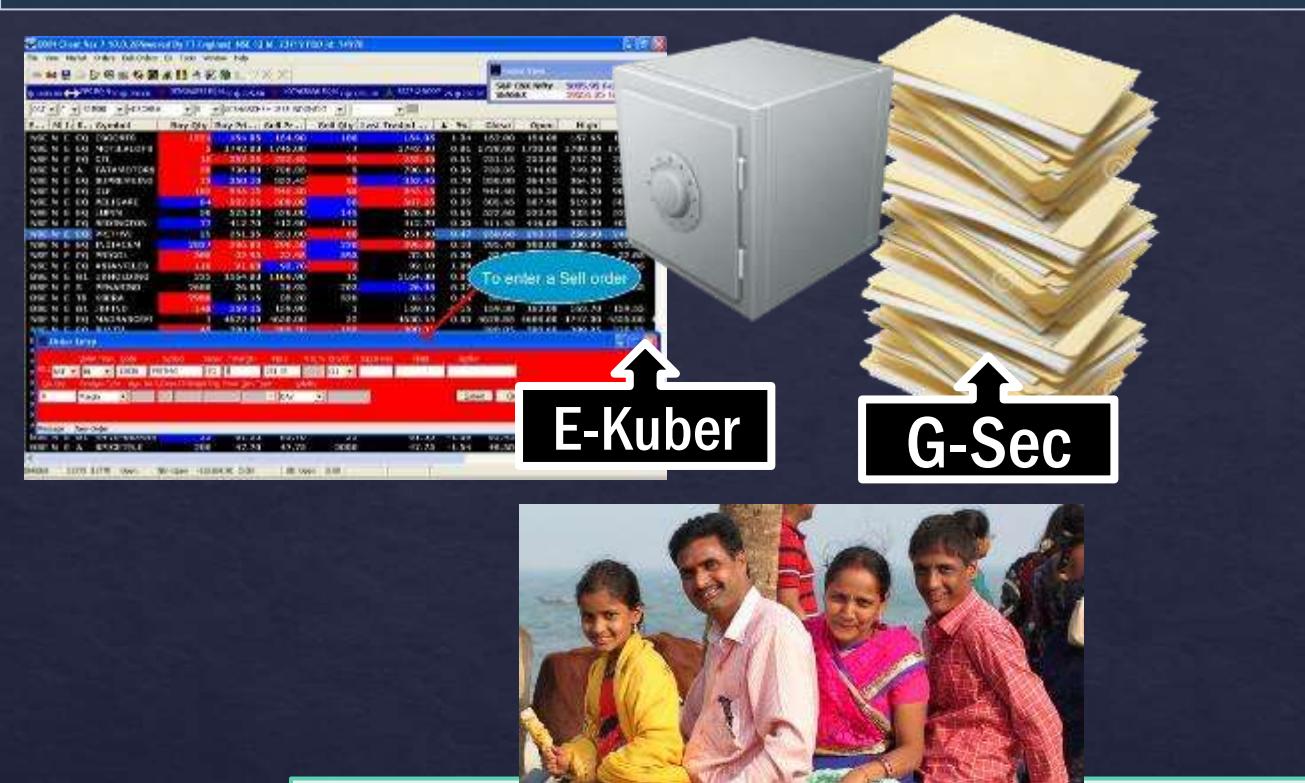
Retailers' DEMAT account



% commission /
fees

2021: RBI's proposal to increase retail participation in G-sec

आम निवेशक सीधा ही रिजर्व बैंक में खाता खोल सके सरकारी प्रतिभूति खरीदने के लिए



- 2021: RBI has announced it'll allow Retail Investors to Open “Retail Direct Gilt (RDG) account” with RBI's E-Kuber

Earlier it'd be indirectly invested

Mutual Funds, NBFCs



Retailers' DEMAT account



2021: RBI's proposal to increase retail participation in G-sec

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Mutual Funds, NBFCs



Retailers' DEMAT account



This is available

This is not
banned. This is
also available

With reference to India, consider the following statements:

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Which of the statements given below is/are correct?

- a) 1 Only b) 1 and 2 c) 3 Only d) 2 and 3



RBI's association with DICGC.

RBI doesn't own NPCi, CDSL, NHB...

100% Surety

50:50

E) Skip

Terms Misc. INTRA DAY / DAY Trading

- ◆ Individuals buy / sell shares over the Internet
- ◆ For a single day's trading for speculative profit from price fluctuations.
- ◆ SEBI technical norms to protect them
- ◆ How? NOTIMP.
- ◆ एक ही दिन में खरीद के बेच देना- यानी निवेश नहीं सिर्फ सटू खेला जा रहा



Type of losses....

■ Price of Tata Share

500

200

2019

2020

Speculative loss:

- I bought TATA hoping price will  from 500-> 600
- but it fell to 200



Non-Speculative loss:

- 😢 Seller ran away without transferring my shares.
- 😢 someone hacked BSE/NSE server to crash prices.

Terms Misc → Investor Protection Fund (IPF: निवेशक सुरक्षा कोष)

- ◆ SEBI requires exchanges (BSE, NSE etc) to set up IPF Fund.
- ◆ IPF covers ' 'non-speculative' type of losses.

Type of losses....



- Speculative loss:**
- I bought TATA hoping price will from 500-> 600
 - but it fell to 200



Non-Speculative loss:

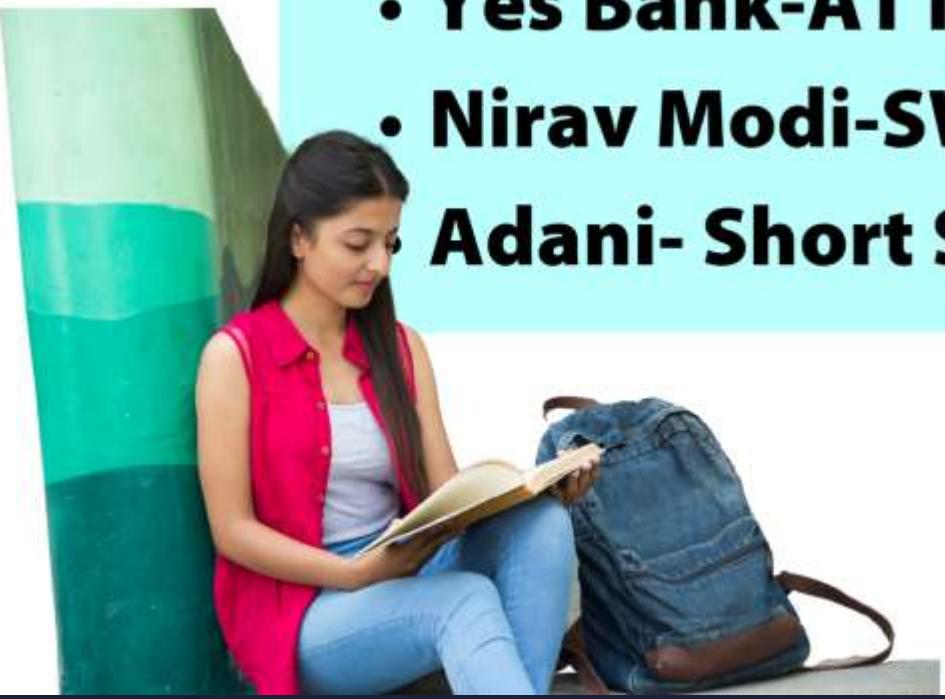
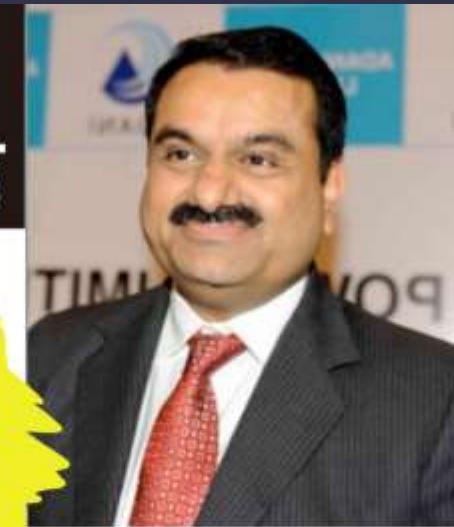
- 😢 Seller ran away without transferring my shares.
- 😢 someone hacked BSE/NSE server to crash prices.

koi bhi Financial Scam: UPSC के लिए उस पर कितनी पढ़ाई करनी चाहिए

 **Prelims
instrument**

- SAHARA-OFCD
- Yes Bank-AT1 Bond
- Nirav Modi-SWIFT
- Adani- Short Selling

 **Mains
Reforms by
Government**



**Faaltu-ki-PHD
ball by ball
commentary**



1. मान लीजिए मेरी दुकान में एक ग्राहक मोबाइल खरीदने आता है
2. लेकिन मेरे पास वह हैंडसेट नहीं है
3. तो मैं पड़ोस की दुकान से
4. उधार में मोबाइल लेकर आऊंगा

**SHORT
SELLING**



9AM

1 mobile



0 mobile

I want a Google Pixel phone priced ₹30,000

10AM

0 mob

borrow
@30,000

1 mobile

sell



| DATE | Short Seller Mrunal | Amount (Rs.) |
|--------|---------------------|--------------|
| 10AM | Selling Price (SP) | Rs.30,000 |
| | Cost Price (CP) | |
| profit | SP - CP = | 6.50 |



1. फिर मैं दोपहर तक कहीं और से ऐसा ही दूसरा मोबाइल हैंडसेट खरीद कर लाता हूं और
2. कबीर से मैंने उधार में लिया था
3. उसको लौटा देता हु

Google

**SHORT
SELLING**



| DATE | Short Seller Mrunal | Amount (Rs.) |
|--------|---------------------|--------------|
| 10AM | Selling Price (SP) | ₹30,000 |
| 2PM | Cost Price (CP) | ₹29,500 |
| profit | SP - CP = | ₹500 |

SHORT SELLING



Short-seller

| DATE | Short Seller Mrunal | Amount (Rs.) |
|--------|---------------------|--------------|
| 10AM | Selling Price (SP) | ₹1800 |
| 2PM | Cost Price (CP) | |
| profit | SP - CP = | |

1,850 1,800.00 INR 0



**10AM: Borrow Adani stock
& SELL @ ₹1800**

**SHORT
SELLING**

सुबह सुबह में अदानी कंपनी का शेयर
कहीं से उधारी में लेकर
बाजार में बेच देता हु @ ₹1800



Short-seller

| DATE | Short Seller Mrunal | Amount (Rs.) |
|--------|---------------------|--------------|
| 10AM | Selling Price (SP) | ₹1800 |
| 2PM | Cost Price (CP) | ₹1700 |
| profit | SP - CP = | ₹100 |

1,850 1,800.00 INR 09:15

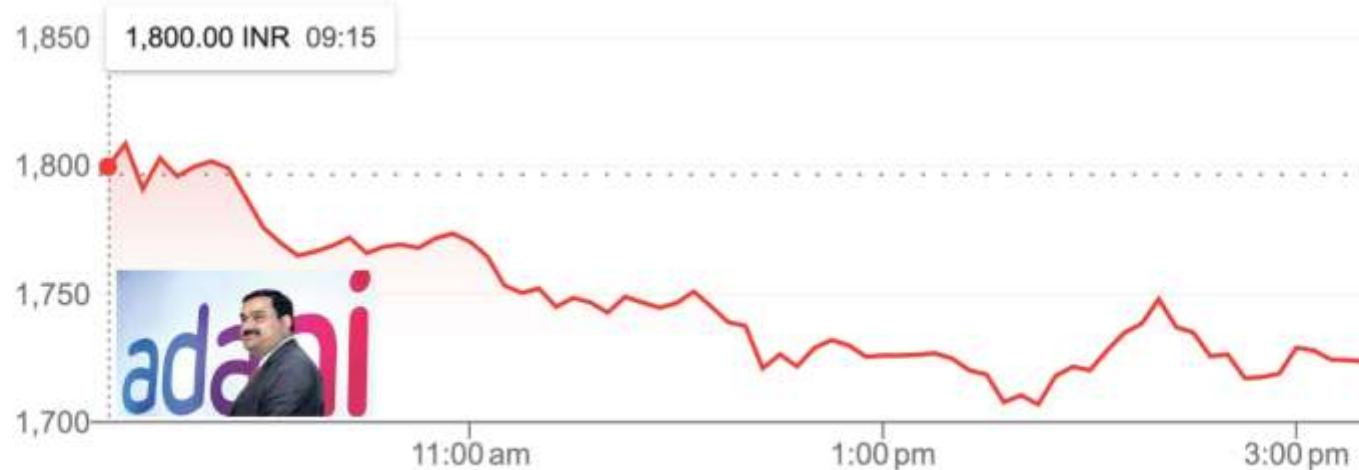
10AM: Borrow Adani stock & SELL @₹1800



2PM: Buy Adani stock & @₹1700 & return it from where u borrowed

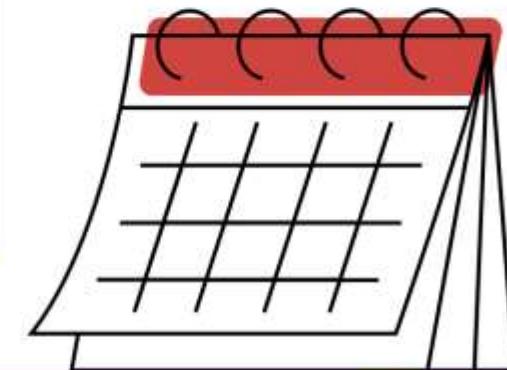
What is short selling?

- Short selling occurs when an investor borrows a share (निवेशक शेयर उधार लेता है)
- sells it in the market (फिर बाजार में बेच देता है)
- with hope to buy it back later for less price. (इस उम्मीद में कि बाद में उसे सस्ते दाम में वापस खरीद लेगा ताकि उसे मुनाफा हो जाए)



How to do short selling for longer time?

अगर आपको 1 तारीख को सपना आता है कि इस कंपनी का शेयर का दाम 15-25 तारीख के बिच गिरने की सम्भावना है तो



use complex instruments like

- **futures**
- **call option**
- **put option**

how they work ? NOT.IMP for UPSC

2023: Hindenburg vs Adani



Hindenburg
Research USA

Hindenburg जानबूझकर अफवाह फैला रहा
है ताकि गिरते हुए share price में
short-selling द्वारा मुनाफा कमा सके



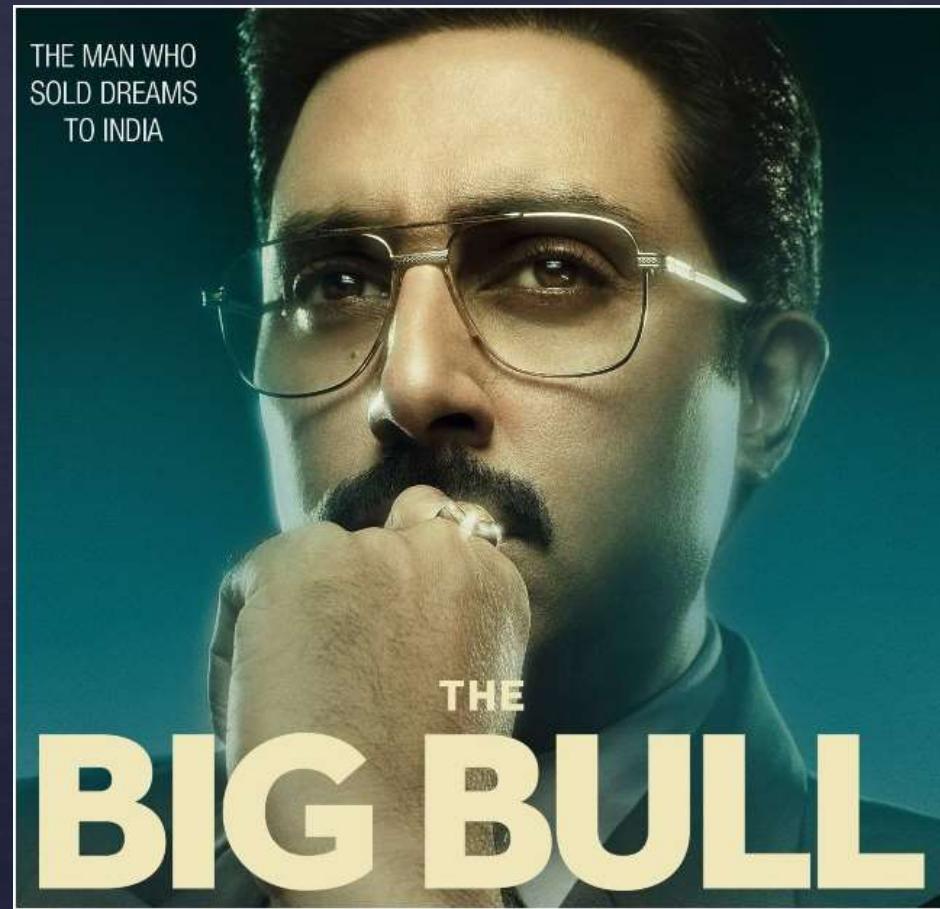
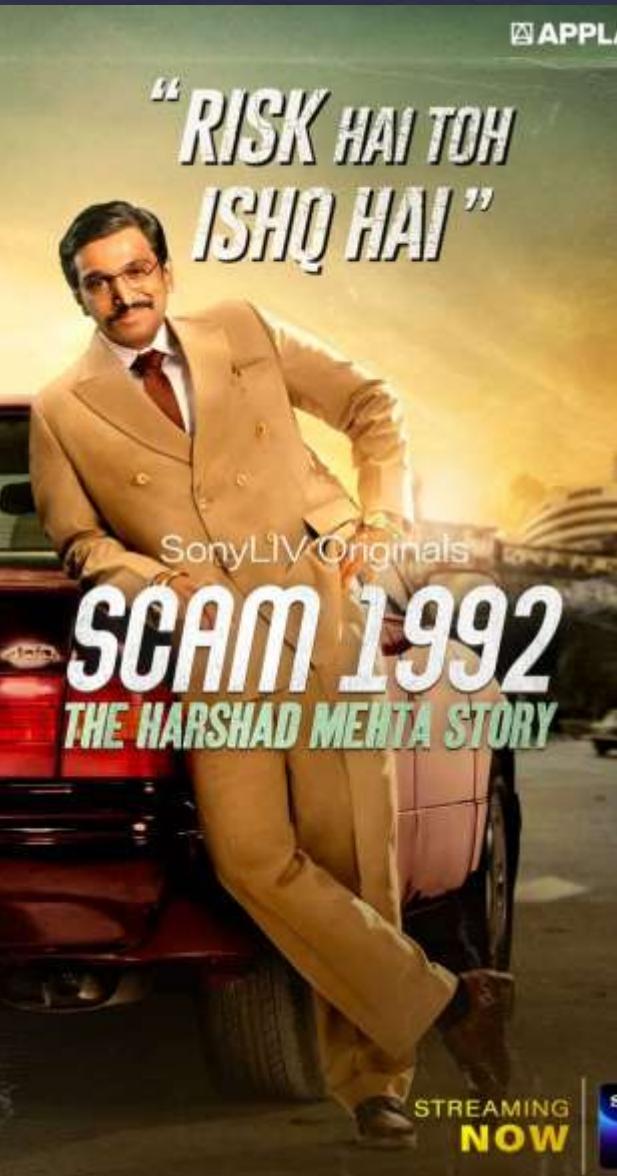
1. अदानी की कंपनी में बहुत धांधलियां हैं।
2. अदानीने हद से बाहर कर्जा लेकर रखा है, आमदनी कम है,
अदानी कर्जा चुका नहीं पाएगा।
3. अदानी मनी लॉन्ड्रिंग करता है,
4. अदानीने शेयर के दाम कृत्रिम रूप से चढ़ावाता है।

YouTube Pump-&-Dump Scheme: What Is It and How Arshad Warsi Made Money From It



Finfluenzer

स्वाभाविक है कुछ लोगों की ज्ञान पिपासा बढ़ जाती है



basic idea is sufficient. look at previous
years question papers !



Commodity: ऐसी वस्तु जिसे हम अन्य चीजों का उत्पादन करते हैं

AGRI:

cotton,

wheat,

basmati

METAL:

Aluminum,

gold,

silver

ENERGY:

Oil,

Coal

Gas



Commodity Trading & Forward Market commission



NSEL commodity exchange scam

Commodity Trading & Forward Market commission



- Jignesh Shah generated **fake warehouse receipts @NSEL**
~5600 cr. **नकली रसीदें** बनवा के बाजार में बेच दी
- Investors bought it but warehouse did not have commodities!
- Regulator: **Forward Market commission (FMC)** → merged with **SEBI (FinMin)** in 2015

Budget-2021: Gold exchange regulation

❖ Gold exchange is a special type of commodity market devoted only to Gold trading.

Supervision



Gold Exchange, where trade is happening

- 1) SEBI will be the regulator



Godowns where gold is stored- uski quality, quantity

- 2) **Warehousing Development and Regulatory Authority**
- (WDRA- Statutory body)



Electronic Gold Receipts (EGRs)



1) Gold company deposits
gold in WDRA registered
warehouse



Gold Exchange



2) Electronic Gold Receipts (EGRs)



3) Investor Buys e-Gold receipt



Electronic Gold Receipts (EGRs)

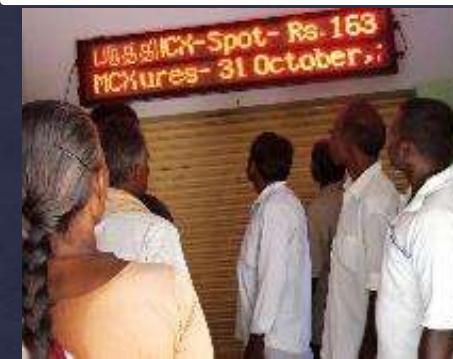
Gold Exchange



1) Gold company deposits
gold in WDRA registered
warehouse



2) Electronic Gold Receipts (EGRs)



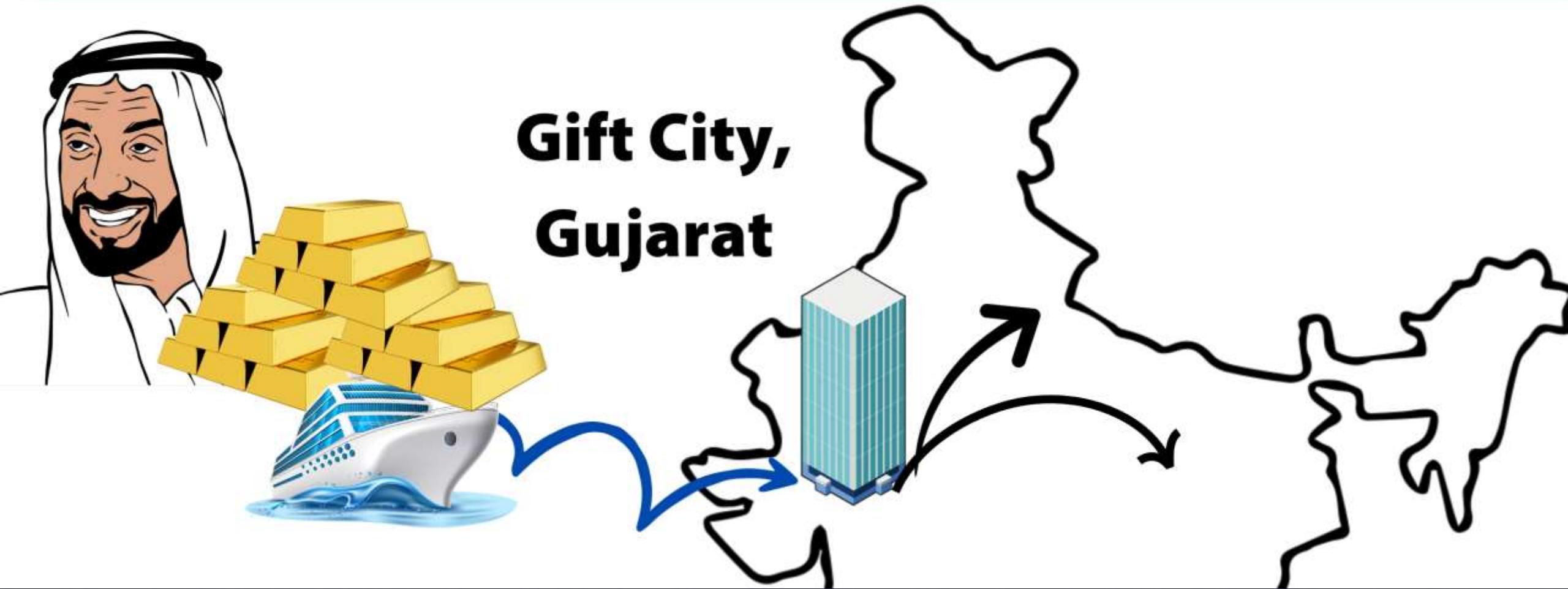
A) Collect physical
gold from warehouse



3) Investor Buys e-Gold receipt

Or B) sell
to another
investor
later on
@profit

India's first bullion exchange (2022)



Bullion exchange = large quantity of gold and silver bought-sold



Notable Org: Financial Stability & Development Council (FSDC)

वित्तीय स्थिरता और विकास परिषद्

Supervision of the economy
Financial literacy etc

Finance Minister

Secretariat @Dept of
Economic Affairs

1. RBI
Governor

2. SEBI
chief

3. IRDAI
chief

4. PFRDA
chief

5. IBBI
chief



Financial Stability Board (FSB), HQ: BASEL



National Banking regulator



National Sharemarket
regulator



Insurance,
Pension ...



India's RBI



US Feds



People's Bank
of China



India's SEBI



USA's SEC...



...xyz

- FSB doing Financial monitoring at global level.,
- Coordination between national financial regulators bodies.

अलग-
अलग देश के वित्तीय नियंत्रकों के बीच समन्वय

Notable organizations: with similar sounding names

मिलते जुलते नाम वाली कुछ और संस्थाएं

- Financial Action Task Force

(FATF): @ Paris.

❖ Money Laundering, Terror Finance

❖ धन शोधन और आतंकी वित्तपोषण

❖ (more in Pill#2 with black money)

FSDC

FSB

FATP



More details & other misc. org given in handout.



**National Institute of
Securities Markets
(NISM)**



**Degree
Diploma**

वित्तीय संस्थानों में कार्यरत पेशेवरों के क्षमता वर्धन के लिए
विविध डिग्री और स्नातक, डिप्लोमा और सर्टिफिकेट शिक्षा
कार्यक्रम राष्ट्रीय प्रतिभूति बाजार संस्थान (एनआईएसएम)
द्वारा चलाए जाएंगे



Harshad Mehta

Ketan Parekh

- ⇒ Harshad Mehta (1992), Ketan Parekh (2001) arranged money from banks, used it for rigging the share prices to make windfall gains during Bull-runs by other investors. Once the prices crashed, small investors suffered.
- ⇒ To prevent such scams, SEBI introduced Circuit Breaker System, wherein if fluctuation in the share prices is more than "x%" than previous day, then stock exchange must stop trading for "v" minutes.
- ⇒ Badla System/

**मुझे जब Corona Vaccine booster doze मिलेगी,
उसके बाद ही
पढ़ाई शुरू करूंगा.
अभी मेरे को डॉक्टर ने
मना किया है**



Financial Instruments



Debt



Equity



Share Types



(Short/Long)



Govt, pvt,
Intl. insti.



Objective /
Methods



DEMAT, ASBA



SENSEX & Stock Exchange



SEBI & deepening of Capital Market



IPO-FPO, ADR-GDR



FMC, FSDC etc

case, IPF also promotes investor education a...
/ Bucketing / Box Trading: While share trade occurs in stock exchange DEMAT accounts, the Dabba Trades occur in the unofficial books/ledgers of broker. He may or may not execute those orders. A broker prone to scam, govt deprived of taxes
g (भैदिया लेनदेन): Whenever company launches new shares, or undergoes merger and acquisition- the price goes up. If a company uses such confidential information to make windfall gains. Such insider trading is illegal. Some large brokers / companies use algorithmic trading. It automatically buy / sell shares without a human trader. This is not banned it, but can't place more than 10%





Financial
Instruments

Continued

किसी मेनेजर की मदद से परोक्ष
रूप से निवेश करना

we do not have
the time or
experience to invest!
is there someone to
help us??



Debt



Equity



(Short/Long)



Govt, pvt,
Intl. insti.



Objective /
Methods



MF-HedgeFund



REITS-InvITs



ETF, AIF



P-Notes &
Derivatives



Future &
Options



INVESTORS



FUND MANAGER

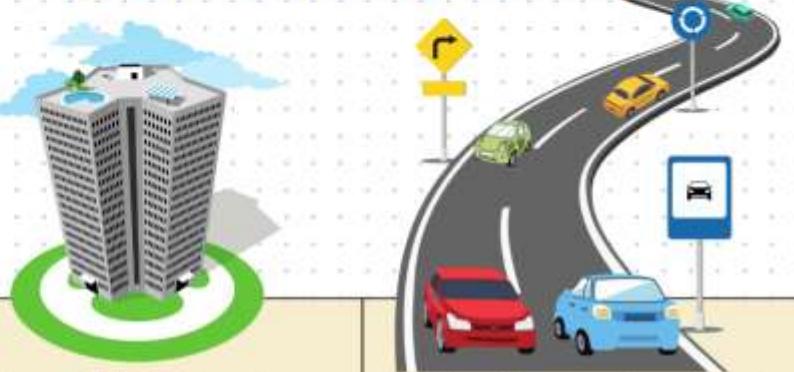
 Reliance
Industries Limited
adani

**Share, Bond
G-Sec**

Mutual Fund



MONEY INVESTED IN....



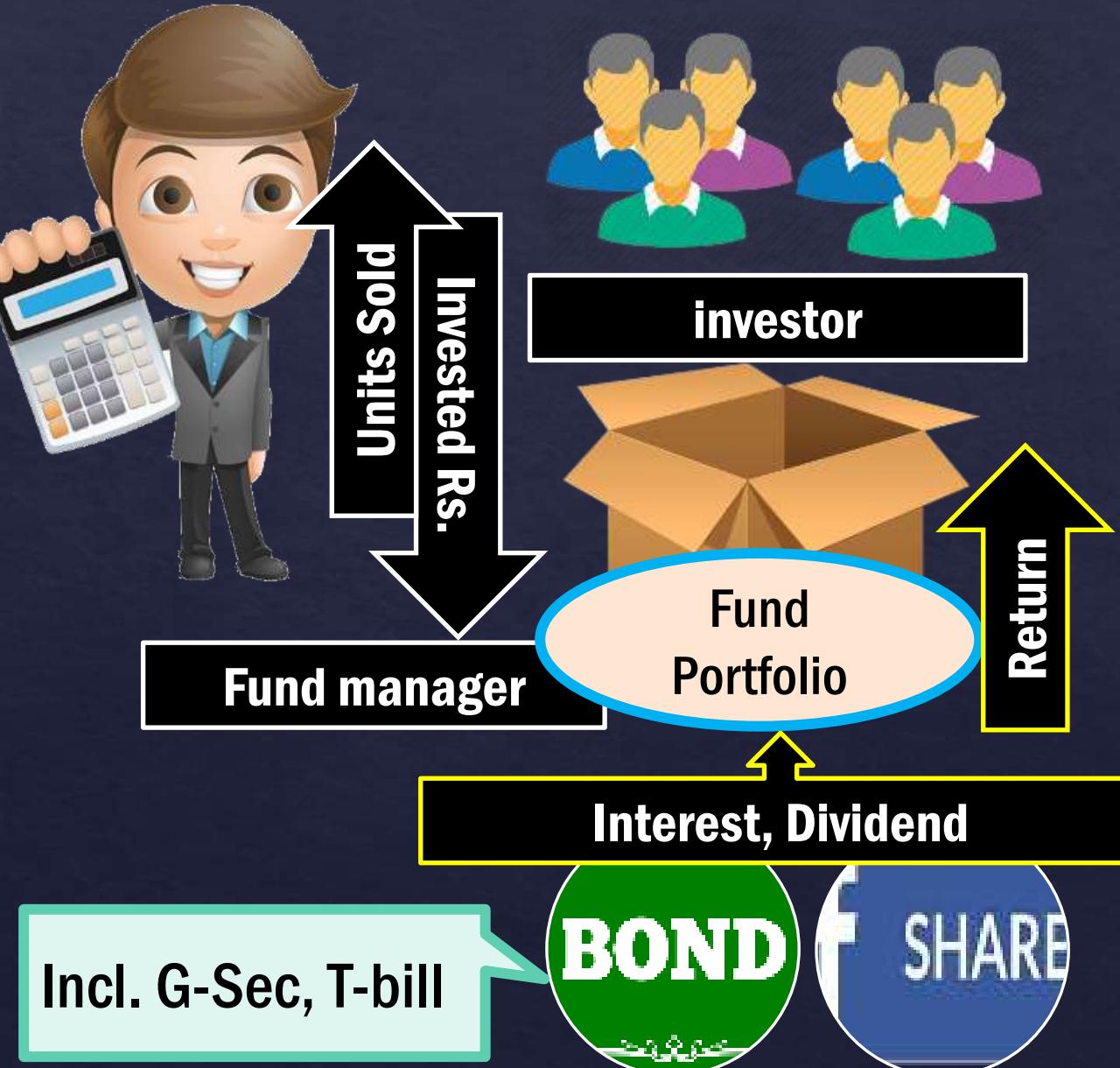
Real Estate

Infrastructure

INVITs

Mutual funds (technically it's a subtype of Asset Management Company: NBFC)

ग्राहकों से पैसा लेकर शेयर बॉन्ड में निवेश करता है फिर अपना कमीशन काट के आपको मुनाफे देता है



Mutual Fund

- Invests in shares, bonds, G-sec

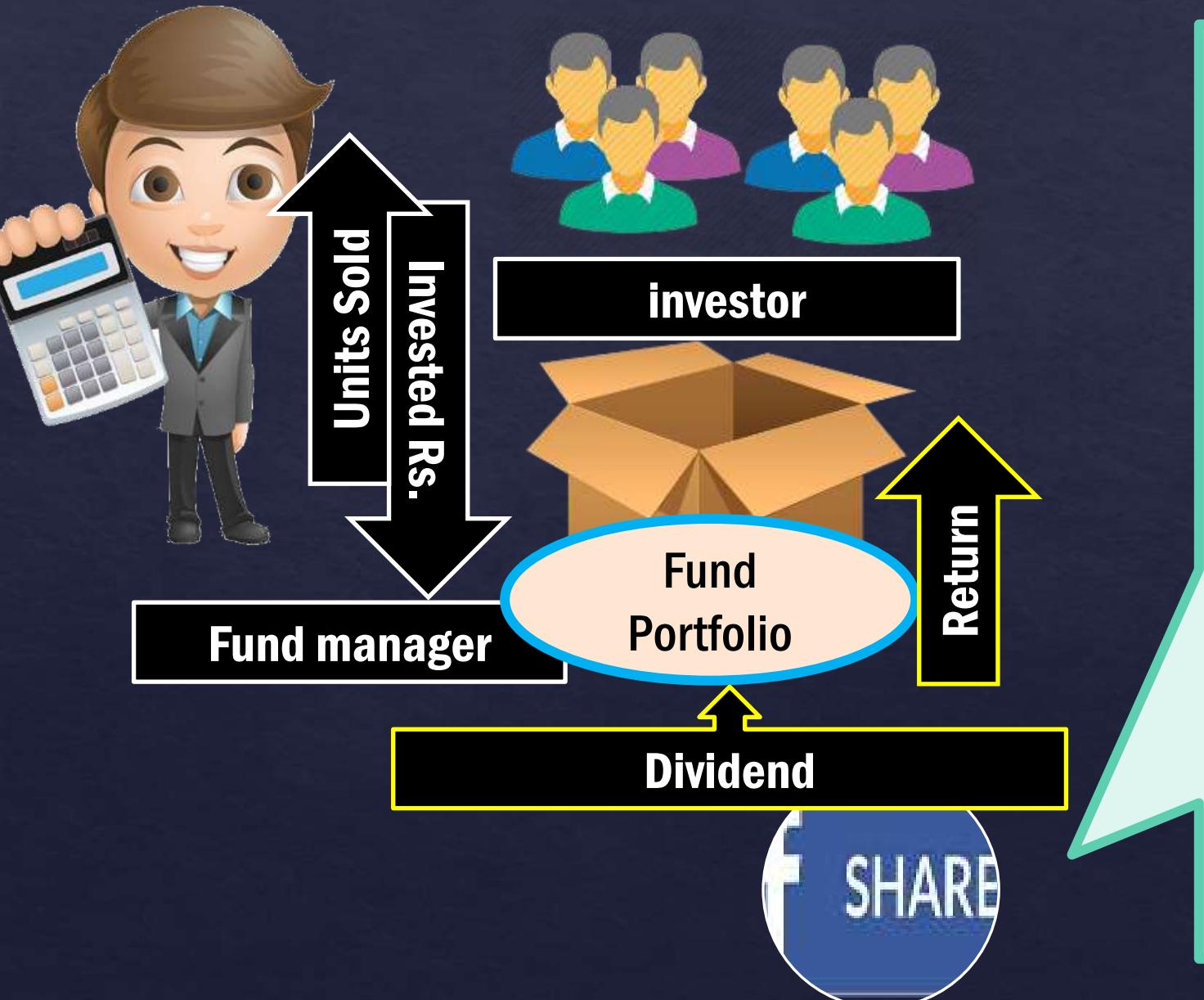
Hedge Fund

- Invests rich peoples' money (e.g. Min. 2 cr required to subscribe)
- Risky companies/bonds
- For higher profit



Mutual Fund → Equity Linked Savings Scheme (ELSS)

बचत का सारा पैसा शेयर में निवेश हो, बांड में नहीं



- Investors Contribute money,
- invested **in equities** (**shares**)
- Gives **benefit in Income Tax.** आयकर में कुछ रियायत ही मिलती है



Traditional Mutual Fund

- client invests the entire amount at once.
- एक साथ पूरी रकम जमा करानी होती है



Systematic Investment Plan (SIP)

- Mutual fund wherein client deposits small-small fixed amounts at fixed interval
- e.g. month basis, quarterly basis etc. ग्राहक छोटी-छोटी किस्तों में रकम जमा करवाता है



Just 1 Word Asso

Unit linked insurance policy (ULIP)- थोड़ा पैसा मैचुअल फंड, थोड़ा बीमा पॉलिसी में

- client invest money in a scheme wherein →
- (1) some ₹₹ goes into Mutual Fund (2) some ₹₹ goes into insurance policy





ESG Mutual Funds=

- These mutual funds will invest clients' money in companies that have good performance on
- Environmental, Social, And Governance (ESG) aspects.



Shariya Mutual Fund

⇒ will invest clients' money in companies that are compliant with Islamic Shariya law. E.g.

⇒ They will not invest in alcohol, pork, gambling etc related companies.



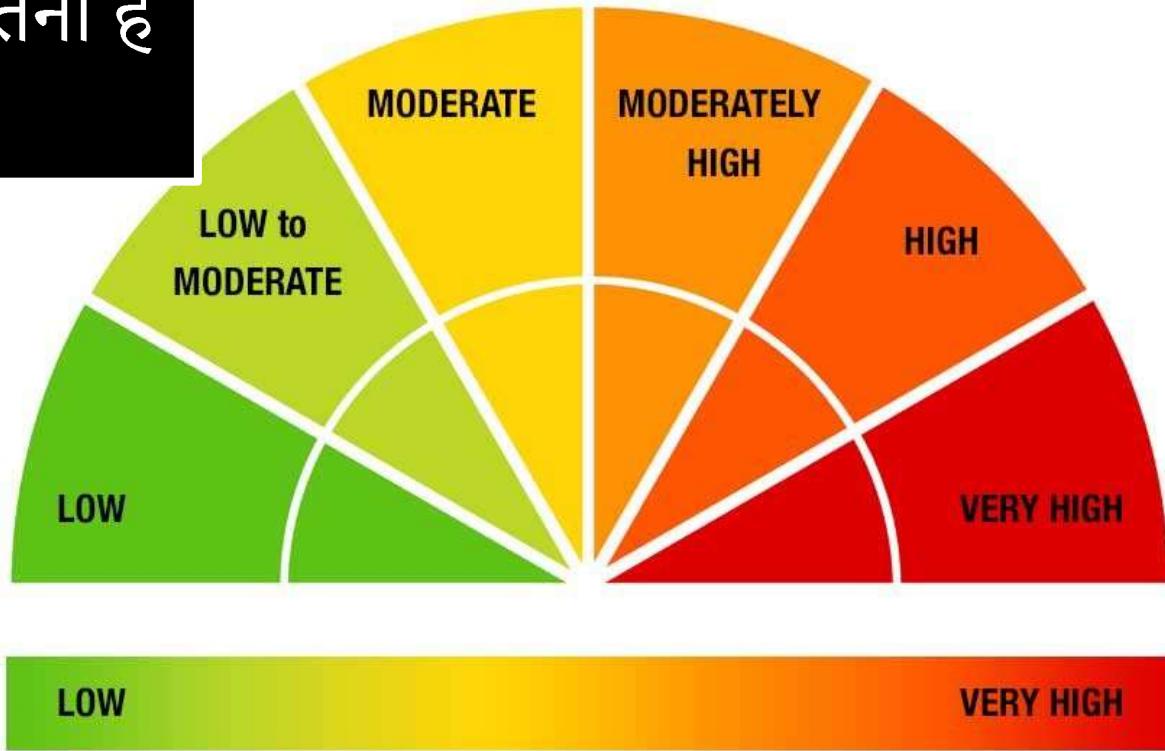
Just 1 Word Asso

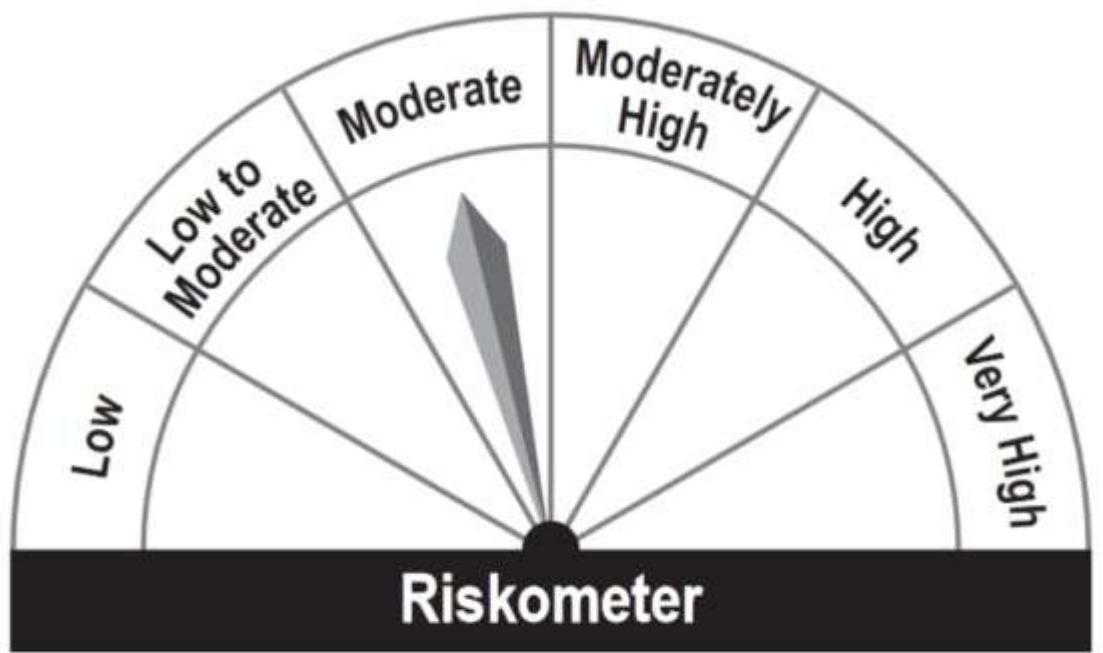


SEBI risk-o-meter for Mutual Funds

Basically in what type of companies are you investing money in?

सेबी के नियमों के हिसाब से मैनेजर ने ग्राहकों को बताना होगा कि जोखिम कितना है





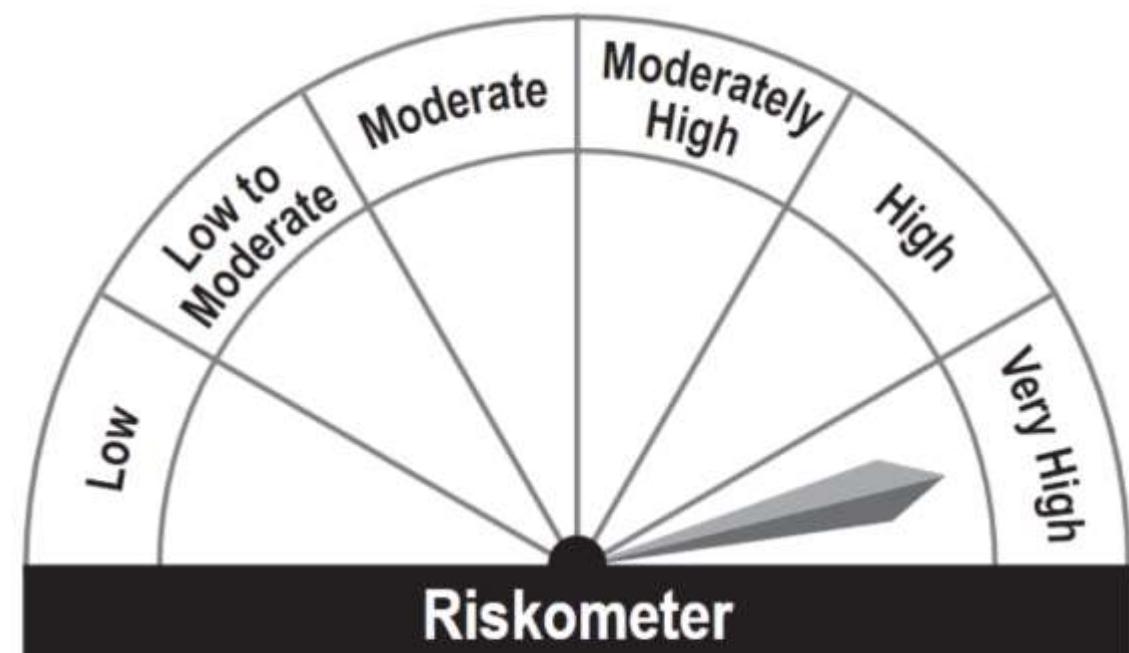
Investors understand that their principal will be at Moderate Risk



**ADITYA BIRLA
CAPITAL**

Investing in less risky company.
5% profit

Imaginary number



Investors understand that their principal will be at Very High Risk

**TATA
MUTUAL
FUND**

Investing in more risky company.
15% profit
(with risk of Loss -5%)



किसी मेनेजर की मदद से परोक्ष रूप से निवेश



handout uploaded

With reference to 'Financial Stability Development Council', find correct statement(s): (Asked in UPSC-Pre-2016)

1. It is an organ of NITI Aayog.
2. It is headed by the Union Finance Minister
3. It monitors macro-prudential supervision of the economy.

Answer Codes: (a) 1 and 2 only (b) 3 only (c) 2 and 3 only (d) 1, 2 and 3

15.10 INVESTMENT FUNDS

15.10.1 Mutual fund (MF: मध्यम अल फण्ड) for aam-aadmi

Figure 8: swag से करेंगे 'middle-class' का 'स्वागत' / Observe colors in logo, meant for attracting ordinary crowd

⇒ is an Asset Management Company (AMC-NBFC) that pools savings of (retail) investors and gives them "Units".

AMF Manager parks this money in securities & builds his 'portfolio'. Whatever dividend/ interest is generated from the portfolio, it is distributed among investors in the proportion of their units.

Investor has to pay Entry Load (= fees for joining) and Exit Load (= fees for quitting). SEBI regulates these.

2. Due to low deposit rates in banks, people have invested money in mutual funds after IL&FS crisis, corona crisis etc. because mutual funds have lower market risks.

3. Linked Savings Scheme: SEBI's scheme for 3 years and in tax-free shares. It's eligible for certain Tax.

4. "Swing": SEBI's technical scheme to help MFs to separate specific assets from their standard assets. Helps protecting the investors.

Hedge Fund (हेड फंड)

AQR CAPITAL MANAGEMENT

swag से करेंगे 'middle-class' का 'स्वागत' / Observe colors in logo-designs to attract individual who has high income is ₹1 crore.

हमारे पास स्वयं सीधे रूप से निवेश करने के लिए समय
या अनुभव नहीं है

MORE IN
PILLAR
#2

GOVERNMENT OWNED

Disinvestment
विनिवेश

100%

95%



**govt sells its shares
but keeps min. 51% with govt**
सरकार मालिकी अपने हाथ में रखे
लेकिन थोड़े शेयर बेच दे.

MORE IN PILLAR #2

GOVERNMENT OWNED

Disinvestment

विनिवेश

100%

95%



govt sells its shares
but keeps min. 51% with govt
सरकार मालिकी अपने हाथ में रखे
लेकिन थोड़े शेयर बेच दे.

Strategic Disinvestment (privatization) निजीकरण

100%

0%



govt no longer keeps
majority shareholding
सरकार मालिकी अपने हाथ में न रखे.

Disinvestment: ↓ Govt shareholding [100%- upto 51%]

विनिवेश = सरकारी कंपनी से भारत सरकार अपनी शेयर हिस्सेदारी कम करे

Central Public Sector Enterprises (CPSE)

More in Pillar#2

ONGC

Coal India

IOC

GAIL (India)

Oil India

PFC

Bharat
Electronics

REC

Engineers
India

Container
Corporation of
India.



Disinvestment: ↓ Govt shareholding [100%- upto 51%]

विनिवेश = सरकारी कंपनी से भारत सरकार अपनी शेयर हिस्सेदारी कम करे

Central Public Sector Enterprises (CPSE)

More in Pillar#2

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GAIL (India)

Oil India

PFC

Bharat
Electronics

REC

Engineers
India

Container
Corporation of
India.



If government tried to sell individual companies shares,

- 😞 may not find immediate buyers
- 😞 may not get the best price, THEREFORE....



10 CPSEs' shares given to Fund manager Goldman Sach



What is CPSE-Exchange Traded Fund (ETF)

**1) ONGC, CIL, GAIL
10 CPSE shares
Rs.3kcr.**



**2) Portfolio of
Goldman Sach**

**3) New Fund
Offer (NFO)**

**Rs.10
Rs.10
Rs.10**



**3) If I hold these units,
I'll get returns based
on CPSEs' Dividend**

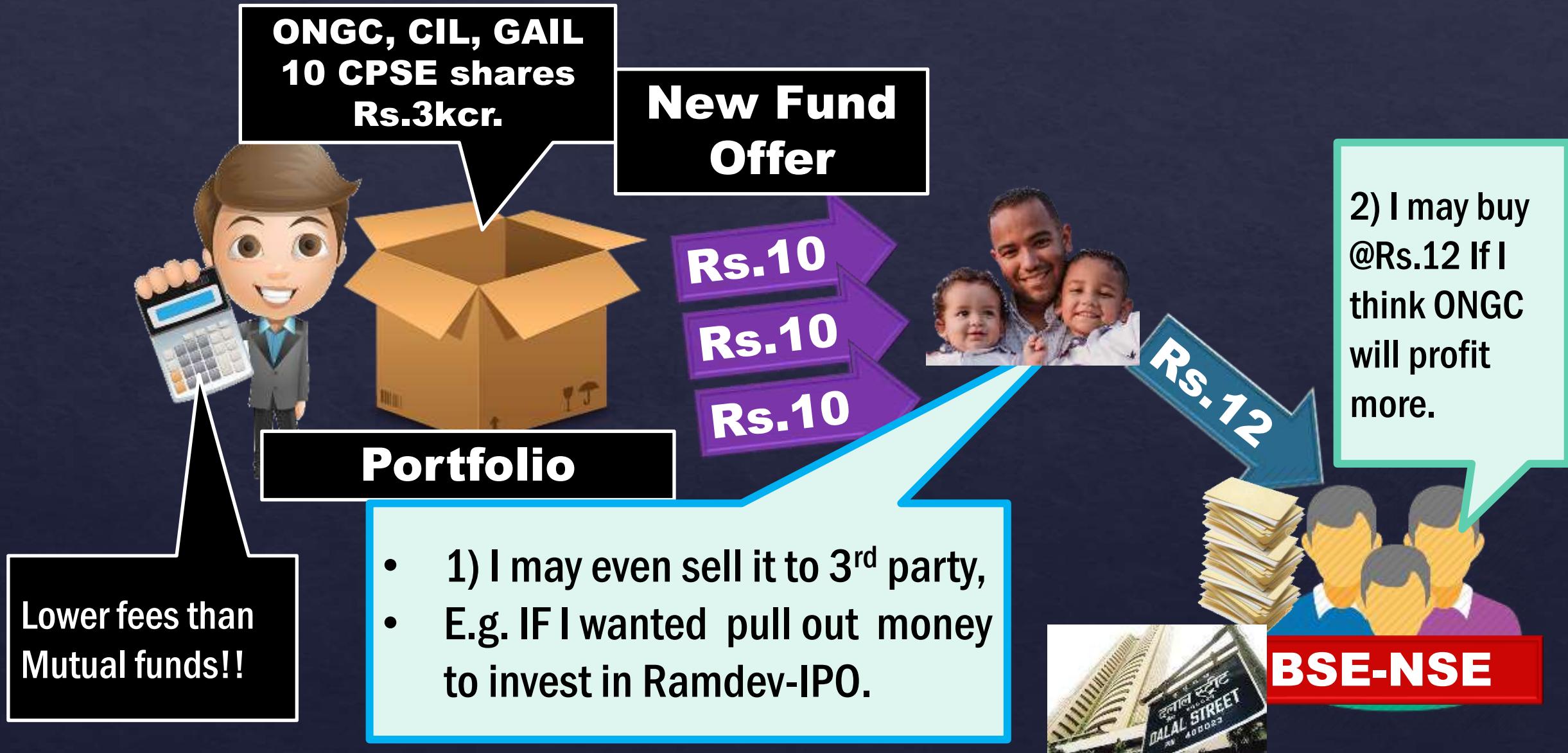
आम निवेशक को उन सरकारी
कंपनियों के मुनाफे में से
डिविडेंड का पैसा मिले

सरकार खुद से सरकारी कंपनी के अपने शेयर बाजार में बेचने जाएगी तो
उसे अच्छे दाम शायद ना मिले

इसलिए अपने शेयर एक मैनेजर को दे देगी- कि भाई तू मेरे लिए बिकवा दे

What is CPSE-ETF- आपको नहीं जम रहा, तो किसी और को भी, बेच सकते हैं

if you are not enjoying the then you may sell it to third party



S&P BSE Bharat 22 Index Constituents

| Company Name | Basic Industry | Weight (%) |
|------------------------------------|-----------------|--------------|
| National Aluminium | Basic Materials | 5.13 |
| Total - Basic Materials (%) | | 5.13 |
| Oil & Natural Gas Corp | Energy | 5.54 |
| Indian Oil Corp | Energy | 5 |
| Bharat Petroleum Corp | Energy | 4.54 |
| Coal India | Energy | 3.72 |
| Total - Energy (%) | | 18.00 |
| State Bank of India | Finance | 7.25 |
| Axis Bank | Finance | 7.82 |
| Bank of Baroda | Finance | 1.22 |
| Rural Electrification Corp | Finance | 1.18 |
| Power Finance Corp | Finance | 0.99 |
| Indian Bank | Finance | 0.21 |
| Total - Finance (%) | | 18.67 |
| ITC | FMCG | 14.26 |
| Total - FMCG (%) | | 14.26 |
| Larsen and Toubro | Industrials | 16.92 |
| Bharat Electronics | Industrials | 3.48 |
| Engineers India | Industrials | 1.44 |
| NBCC (India) | Industrials | 0.68 |
| Total - Industrials (%) | | 22.52 |
| Power Grid Corp of India | Utilities | 7.73 |
| NTPC | Utilities | 7.07 |
| GAIL India | Utilities | 4.25 |
| NHPC | Utilities | 1.08 |
| NLC India | Utilities | 0.27 |
| SJVN | Utilities | 0.23 |
| Total - Utilities (%) | | 20.63 |



**Fund manager
ICICI prudential**

After that, govt launched

- **BHARAT-22 (equity) ETF**
- It contained shares of
- CPSE, PSB
- सरकारी कंपनी भी और सरकारी बैंक भी

Bharat Bond (Debt) ETF (2019-Dec)-

अबकी बार सरकारी कंपनियों के बांड (ऋण पत्र) खोखे में डालेंगे



“AAA” rated bonds



जनता हजार हजार रुपए देकर
इसमें निवेश करें और वह सारा पैसा
कर्ज के रूप में सरकारी कंपनियों
को दिया जाए



BSE-NSE

1) Fund Manager

(Edelweiss Asset Management Ltd)

- I collect public's ₹₹ &
- invest in “AAA” rated bonds
- of govt companies/Public FI

Bharat Bond (Debt) ETF (2019-Dec)-

सरकारी कम्पनिया बांड पे व्याज देंगे और उसमें से निवेशक को हिस्सा मिलेगा



“AAA” rated bonds

1) Fund Manager

(Edelweiss Asset Management Ltd)

- I collect public's ₹₹ &
- invest in “AAA” rated bonds
- of govt companies/Public FI

Rs.1000
Rs.1000
Rs.1000



BSE-NSE

- 2) Investor buys units @₹1000
- Tenure: 3 years, 10 years
 - return based on interest paid by those CPSEs bond issuers
 - I may also sell it to 3rd party

Gold Exchange Traded Fund? (Not greatly IMP)

1) If I put gold in this box,
& generate securities
then its Gold-ETF



2) I'll buy additional gold, sell
existing gold depending on
price movement इस खोखे में से सोना
खरीदना और बेचता रहूंगा

NFO

Rs.10

Rs.10

Rs.10

Rs. 12

BSE-NSE

3) If I hold units, I'll get returns
based on price movement of
gold.



4) And I may even sell it to third party, IF I want
pullout money to invest in Ramdev-
IPO/shares. मुझे इसमें मजा नहीं आएगा तो मैं तीसरी
पार्टी को बेचकर, निकल लूँगा

Sovereign Wealth Fund- किसी देश के सब सरकारी बैंक सरकारी बीमा कंपनी इत्यादि का extra-money अतिरिक्त धन, इस खोखे में रखेंगे, और अलग-अलग देशों में निवेश करेंगे



1) Qatar's PSB's surplus funds



2) Qatar's public sector insurance company's surplus funds



3) Qatar's Finance Ministry's surplus funds



4) Qatar's Sovereign Wealth Fund

5) I'll invest it within Qatar and outside



Sovereign Wealth Fund- किसी देश के सब सरकारी बैंक सरकारी बीमा कंपनी इत्यादि का extra-money अतिरिक्त धन, इस खोखे में रखेंगे, और अलग-अलग देशों में निवेश करेंगे



1) Qatar's PSB's surplus funds



2) Qatar's public sector insurance company's surplus funds



3) Qatar's Finance Ministry's surplus funds



4) Qatar's Sovereign Wealth Fund

5) I'll invest it within Qatar and outside



SideQ:
What is National Investment & Infrastructure Fund (NIIF)
Ans. Pillar#5:
Infrastructure finance



Financial
Instruments



Debt



Equity

किसी मेनेजर की मदद से परोक्ष
रूप से निवेश करना



(Short/Long)



Govt, pvt,
Intl. insti.



Objective /
Methods



MF-HedgeFund



REITS-InvITs



ETF, AIF



P-Notes &
Derivatives



Future &
Options



we do not have the
time or experience
to invest!
is there someone to
help us??

**SEBI RULES
EASY ON
THEM**



alternative investment fund (AIF)

**Positive effect
on Economy /
society**



समाज / अर्थतंत्र पर
सकारात्मक असर

CAT.
1

CAT.
2

CAT.
3

**Risky effect on
economy
complex trading
short selling etc.**



जोखिम पूर्ण -इन पर सेबी के नियम
ज्यादा सख्त होते हैं

**SEBI RULES
TOUGH ON THEM**



alternative investment fund (AIF)

**Positive effect on
Economy / society**



- 1. Venture capital funds**
- 2. SME Funds**
- 3. Social Venture Funds**
- 4. Infrastructure funds**

**CAT.
1**

**CAT.
2**

**CAT.
3**

Neither in CAT1 Nor 3

- 1. real estate funds,**
- 2. funds for distressed assets**
- 3. private equity funds (PE funds)**



**Risky effect on
economy
complex trading
short selling etc.**



- 1. Hedge funds.**
- 2. PIPE Funds.**

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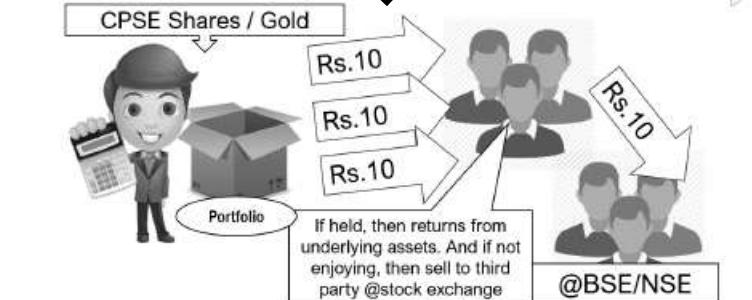


Figure 10: how do exchange traded funds (ETF) work?

- ⇒ BHARAT-22: Another CPSE-ETF when Govt wanted to disinvest shares from 22 companies including CPSE, PSBs and UTI using ICICI Prudential as fund manager (2017-18). However, PSB-NPA problem → poor dividends → BHARAT-22 not giving good returns, so, investors response was initially lukewarm.
- ⇒ Later govt announced, "We'll give the ELSS-wala income tax benefits to CPSE-ETF-investors as well" to attract investors.

- 15.10.6 (MF): Bharat Bond (Debt) ETF (2019-Dec)
- ⇒ Fund Manager (Edelweiss Asset Management Ltd) → He'll issue Bharat Bond-ETF.
 - ⇒ Maturity: 3 years and 10 years
 - ⇒ Unit Size: ₹1000 each. So even middle-class investors buy these Bond-ETFs.
 - ⇒ Fund managers will invest this ₹ into a basket of bonds issued by Central Public Sector Enterprises, Central Public Financial Institutions (CPFs such as public sector bank and insurance companies) and other Government organizations.
 - ⇒ ETF will be tradable at the stock exchange.

Bharat bond ETF: Benefits?

- ✓ For Government companies = Easier and more efficient to borrow ₹ instead of individually launching their bonds in the market.
- ✓ For Investors = safety because of assured return on bonds, irrespective of Government company's profit.
- ✓ Enhanced retail participation → deepening capital market. (खुदरा निवेशक की मदद से पूँजी बाजार की जड़ों की ओर गहरा करना)
- ✓ In future, more fund managers may be selected, and even non-AAA rated public sector bonds may also be included.
- ✓ Budget-2020: given success of Bharat bond ETF, we are planning to launch another debt-ETF containing G-sec. This will help the retail investors to invest in G-sec.

Misc. : Gold-ETF: Investors give money → manager buys gold for safekeeping and trades it depending on price movements → returns are divided among the unit-holders. In

pillar1C: Sharemarket

किसी मेनेजर की मदद से परोक्ष रूप से निवेश



MF-HedgeFund



REITS-InvITs



ETF, AIF



P-Notes &
Derivatives



Future &
Options

Before moving to P-Notes

- ❖ **FII: foreign institutional investor,**
- ❖ **FPI: foreign portfolio investor. More in Pillar#3**
- ❖ **Basically foreign org who open office in India & invest in India's shares/bonds** विदेशी जो भारत में ऑफिस खोल के भारतीय शेयर/बांड बाजार में निवेश करना चाहती है
- ❖ **E.g. Morgan Stanley, HSBC**



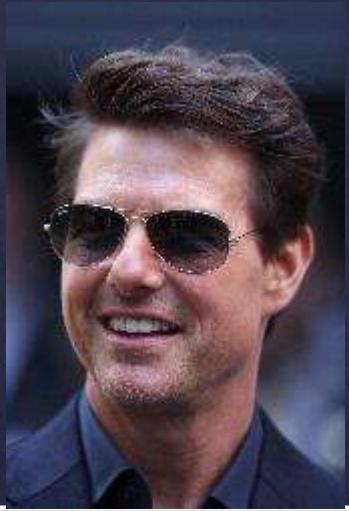
We've

- Indian PAN card
- Indian DEMAT account
- SEBI registration



What is a Participatory Note (P-Note)?

टॉम क्रूज के इशारे पर HSBC भारत के कुछ share-bond खरीदेगा



Offshore Investor

👉 No PAN card

👉 No DEMAT account

👉 No SEBI registration

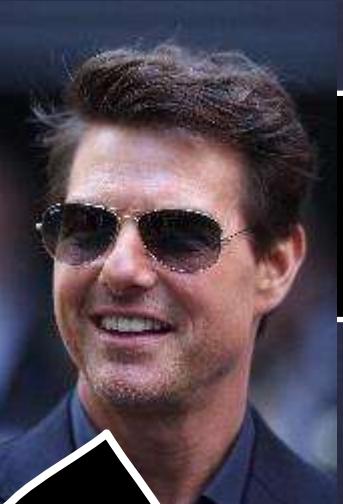
फिर भी भारत में निवेश
करना है 🎯



FII/FPI's
portfolio

What is a Participatory Note (P-Note)?

उसे एचएसबीसी एक रसीद बनाकर देगा



Look HSBC gave me a “P-Note”
for my investment

👉 Indian PAN card नहीं है

👉 Indian DEMAT account नहीं

फिर भी मेरे को भारतीय शेयर बाजार मे
पैसा निवेश करना है।

Offshore
Investor



HSBC

SEBI
registered
FII/FPI
(India)



P-Note
Derives value from
FII portfolio



FII/FPI's
portfolio



So why is Participatory Notes bad? Ans. Terror finance ऐसे उपकरण, आतंकी वित्तपोषण में मदद करते हैं



SEBI
registered
FII/FPI
(India)

P-Note

3) Invests without
PAN card



1) If he directly sent me money from Pakistan then NIA, ED etc. could get alerted. सीधा पैसा भेजता तो नजर में आ जाता



2) Phony /shell
company in India

4) Youth
radicalization,
terror attack



जब भी आप शेयर /
बांड खरीदते /बेचते
उस पर सरकार
अलग-अलग टैक्स
मांगती है

3) You made __ profit then you've to pay __
Capital Gains Tax, I know it because we are
tracing your **demat account, PAN card**.



1) Sells share @profit:
DEMAT account
linked with PAN Card



2) Buys share:
DEMAT account linked
with PAN Card

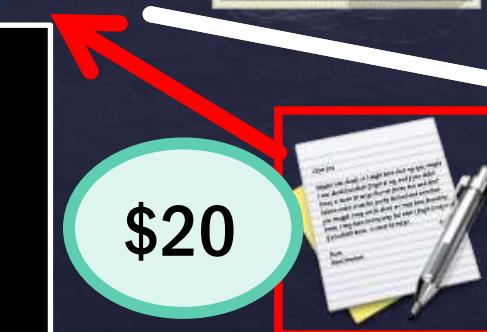
Participatory Note (P-Note)=bad?



1) Tom sells P-Notes @profit to Arnold

- But, India gets no tax 😞
- bcoz we can't trace the transactions. "shares are not moving" From 1 DEMAT account to another.

Offshore
Investor



**P-Note
Derives value from
FII portfolio**

2) SEBI tightening norms like HSBC has to pay ₹ fees, regularly send database of P-note holders सेबी धीरे-धीरे नियम सख्त कर रही है

HSBC

**SEBI
registered
FII/FPI
(India)**

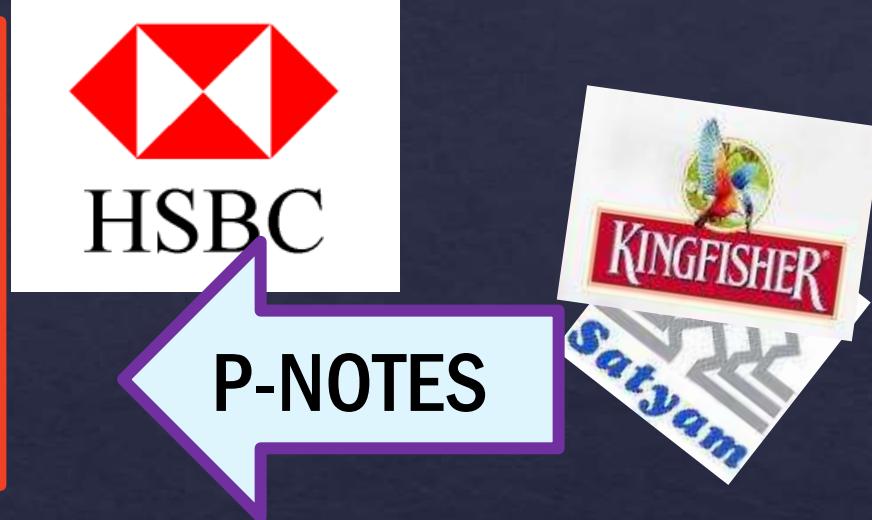


**FII/FPI's
portfolio**

Don't CONFUSE- दोनों के उद्देश्य अलग है



- Want to invest OUR money in India,
- but we don't want to register with SEBI
- हमको भारत “मे” अपना पैसा निवेश करना है



- Want to INDIANS to invest in our company's SHARES
- but we don't want to register with SEBI
- हमको भारतीय जनता का पैसा अपनी विदेशी कंपनी मे निवेश करवाना है।



Bharat/IDR

How is P-Note different from ADR/GDR?

Don't CONFUSE



- Want to invest OUR money in India,
- but we don't want to register with SEBI
- हमको भारत "मे" अपना पैसा निवेश करना है



- Want to INDIANS to invest in our company's SHARES
- but we don't want to register with SEBI
- हमको भारतीय जनता का पैसा अपनी विदेशी कंपनी मे निवेश करवाना है।



American depositary receipts (ADR: अमरीकी निपेक्षागार रसीद)



- College student aspiring to become IAS should be intelligent enough to understand that much by himself.
- हर चीज मे उंगली पकड़के चलाने से 4 महिना का कोर्स 9 महीने तक खींच जाएगा। तो बाकी सब विषय कब पढ़ोगे भाई?



Participatory Note (P-Note) are “DERIVATIVE Instruments”

They derive value from underlying asset

@HSBC buy me
Infosys x 1Nos
= ₹1400
=\$20



Offshore
Investor



HSBC

SEBI
registered
FII/FPI
(India)

infosys
Shares

P-Notes' Present value = \$20
If Infosys Price ↑ ₹2100
P-Notes' Future value = \$30

P-Note
Derives value from
FII portfolio

FII/FPI's
portfolio



इसका मूल्य किसी और सम्पत्ति के कारण व्युत्पन्न होता है



Financial Instruments



Debt



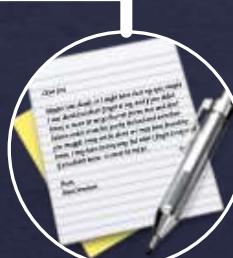
(Short/Long)



Govt, pvt,
Intl. insti.



Equity



Derivatives

Derive value from other assets

- **P-Notes:** from underlying shares, bonds understood
- **Other derivatives** based on loan papers, oil barrels, gold, foreign currency.
HOW? NOTIMP

Mutual Funds, Hedge Funds, CPSE-ETF... basically they help individuals to invest in securities.



Financial
Instruments



Debt



Equity

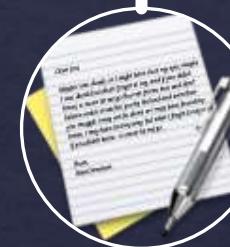
Currency Swap with Japan

आप आपातकाल में मेरी तिजोरी से
डॉलर ले लेना

RBI



Shaktikanta Das



Derivatives



SWAP = type of derivative instrument

- swapping one asset with another. (अदलाबदली करना)
- **Currency swap agreement**” (more in Pillar#3).
- Similarly, interest swap. How they work? Not imp
- Credit default Swap < NEXT SLIDE>





**CAR
owner**

insurance policy



insurer



**Bond
investor**

Investment



मैं विजय माल्या के बांड में निवेश करूँ
लेकिन वह मुझे पैसा वापस नहीं करे
तो मेरे नुकसान की भरपाई
कौन करेगा



**Bond
investor**

Investment



*Credit default
Swap (CDS)*

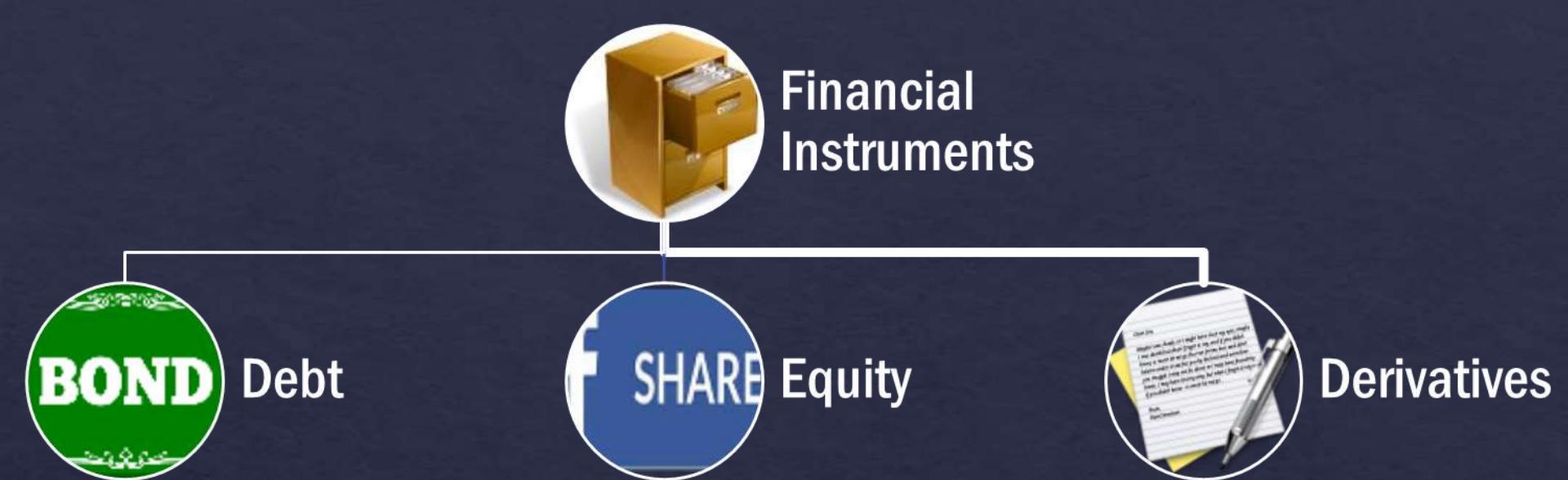
CREDIT SUISSE
**some crisis
where it could
not repay bond**



insurer

लेकिन इसमें जोखिम है
भविष्य में
सामने वाली पार्टी को
कहीं और से सस्ते में
मिल गया तो :

वह अपनी बात से मुकर
जाएगा और मुझसे
खरीदेगा नहीं



Sell, purchase, execute
instantly

- SPOT Market

e.g. T+1, T+2



Sell, purchase, execute
@later date

- Forward / Future contract e.g.
- “on 1/5/23, I'll sell you 100 Nos. of Infosys shares @₹1000 each)



on 1/5/2023,
I'll sell you 100 Nos. of
Infosys shares @₹1000 each



“Hedge” / Insurance
To protect the house

- what if the shares are available at better price in future date? . भविष्य में उस तारीख को
यदि सस्ते में शेयर बाजार में मिल रहे हो तो
- I should do something to protect myself in
this **agreement** मैं अपने को कैसे सुरक्षित रखें कोई
बीमा पॉलिसी खरीद लेता हूं

Buyer

seller



Insurance policy =
“Option Contract”

भविष्य की डील में खुद को सुरक्षित
करने का बीमा = 'आप्शन'

- A. Call Option
- B. Put Option

👉 Internal difference &
mechanism not important



Insurer (writer)-
earns fee/premium

आप का नुकसान हो गया तो
मैं भरपाई कर दूँगा

Q101. Which one of the following terms is used in Economics to denote a technique for avoiding a risk by making a counteracting transaction? [UPSC-CDS-2016-I]

- (a) Dumping
- (b) Hedging**
- (c) Discounting
- (d) Deflating

Vague idea is sufficient. Beyond that if you try to understand & dissect everything from Investopedia.com= poor cost:benefit.

Don't confuse the term with 'Hedge fund' which is a separate thing.

100% Surety

50:50

E) Skip



Just 1 Word Asso

Handout Uploaded



किसी मेनेजर की मदद से परोक्ष रूप से निवेश



MF-HedgeFund



REITS-InvITs



ETF, AIF



P-Notes & Derivatives



Future & Options



Bilateral Netting

- ⇒ SWAP: is derivative instrument to swap one financial asset with another financial asset (usually) to reduce the risk e.g. Currency Swap Agreement between two countries to protect themselves against dollar volatility (more in Pillar#3).
- ⇒ Similarly, there are Credit Default Swap (CDS) agreement against the risk of default, Interest swap agreement to protect against volatility in interest rates. **But their mechanisms NOT IMP.**

15.12.1 Participatory notes (P-Notes: पार्टिसिपेटरी नोट्स)

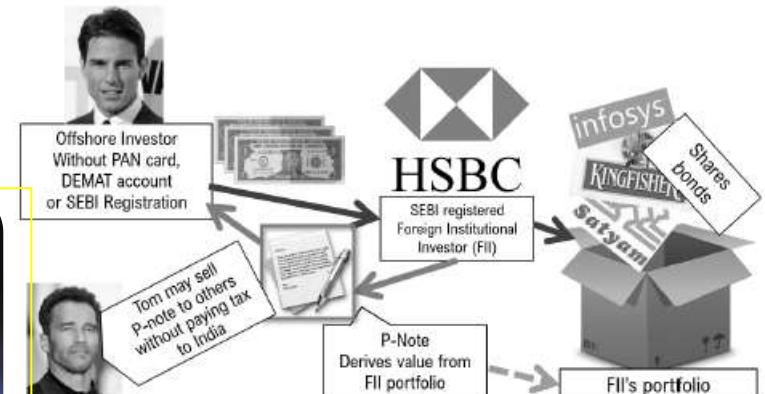


Figure 12: यदि SEBI की पंजीकरण के भारतीय युक्ति बाजार में निवेश करा, तो क्या?

- ⇒ A foreigner wishes to invest his money in India but does not want to go through the hassles of registering with SEBI, getting PAN card number, opening a DEMAT account etc. So, he will approach a SEBI registered foreign institutional investor (FII) / foreign portfolio investor (FPI) such as Morgan Stanley, Citigroup or Goldman Sachs. He'll pay them & instruct them to purchase particular shares and bonds and store them in their Demat account.
- ⇒ Then FII will give him P-Notes, and he'll receive interest and dividend accordingly.
- ⇒ He may also sell those P-notes to a third party.
- ⇒ P-Notes are Offshore Derivative Instruments that derive the value from the underlying Indian shares and bonds.
- ⇒ **P-Notes are harmful for Indian economy because:**
- ⇒ P-note investors are not directly registered with SEBI, the identity of the actual investor and source of funds remain disguised= chances of Tax evasion, money laundering, terror finance (कर चोरी, काले धन को दैध बनाना, आतंकी वित्तपोषण)
- ⇒ If P-Note owner sells his P-Notes to another foreign investor, Government of India may be deprived of taxes. (Compared to a scenario where Indian share owner is selling his shares to another Indian investor at profit, then government gets securities transaction tax and capital gains tax on his profit, & he can't dodge it because DEMAT accounts linked with PAN card. More on PAN card@Pillar#2 → BlackMoney)

SEBI, Sharemarket ke baad....1C-2: Corporate Governance



Company Types



Corporate Governance



Companies Act



Yearbook: MCA-Statutory Bodies



CSR

तुम मेरे पापा के दोस्त हो?



Pillar 1C2: Corporate

@handout

15.13 COMPANY TYPES

15.13.1 Company types based on incorporation

| | |
|----------------------|--|
| Chartered Companies | Setup by a charter given by a king / queen. E.g. East India Company in 1600. (चार्टर्ड कंपनिया) |
| Statutory Companies | Setup by special acts of Parliament or State legislature. E.g. RBI, LIC, SBI. (संघानिक कंपनिया) |
| Registered Companies | Registered under the Companies Act, 1956 (and later 2013) e.g. Tata Motors, Infosys. (पंजीकृत कंपनिया) |

15.13.2 Company types based on number of members

| | | |
|--|--------------------|--|
| | Private Ltd. | Public Limited Company (Companies Act 2013) |
| Members | Min. 2 to Max. 200 | Min. 7 to Max. unlimited number (depending on how many shares issued & purchased by the people) |
| can they invite public at large, to buy shares /bonds? | Can't | ⇒ A public Ltd. company can invite public at large, to subscribe to its shares and bonds. ⇒ If their shares are listed on a stock exchange (BSE, NSE etc), it's a 'Listed Public Limited Company' (e.g. Reliance), else it's an 'Unlisted Public Limited Company' (e.g. India Post Payment Bank : IPPB) |

Audio/Video Problem?



CTRL R

Edu Doubt?
Ask through



Company types based on incorporation: पंजीकरण के हिसाब से



Chartered Companies

- Setup by a charter given by a king / queen.
E.g. East India Company (1600)



Statutory Companies

- Setup by Special Acts of Parliament or Vidhan Sabha. E.g. RBI, LIC, SBI.



Registered Companies

- Registered under Companies Act, 1956 (and later 2013) e.g. Reliance, Tata, Infosys.

Incorporation =
Process of registering
a company. Then
company becomes an
“artificial legal
person”.

Company can enter
into contracts in its
own name.

But we need not
overthink abt it in
B.Com/LLB way.

Companies

Is Govt the majority Shareholder?



Can ask retail investors to buy Shares/Bonds?



Pvt Sector



Public Sector



Pvt Ltd

Are its Shares listed on Stock Exchange?

Public Ltd



Unlisted



Listed

Company types based on Ownership: मालिकी/स्वामित्व के हिसाब से

We're the majority shareholders here.



Public Sector (सार्वजनिक)



Steel Authority
of India (SAIL),
India Post
Payment Bank
(IPPB)

Private (निजी) Sector



Reliance,
Adani, Tata

We're the majority shareholders in these companies.



Company types based on Ownership

We're the majority shareholders in subsidiary companies.



Public Sector



Steel Authority of India (SAIL),
India Post
Payment Bank (IPPB)

Holding

Gujarat Urja Vikas Nigam Ltd. (GUVNL)

Subsidiaries

Uttar Gujarat
Vij Company
Ltd.

Dakshin

Madhya

Paschim

Private Sector



Reliance,
Adani, Tata



Holding

Tata
Sons Ltd.

Subsidiaries

TCS

Tata
Steel

Tata Sky

यह उसके बच्चे/सहायक हैं

What is a joint stock company?



Shareholder

100



Board of
Directors



₹90

₹10



Chairman

Managing
Director & CEO

Company



What is a joint stock company?

Company is artificial legal person. It can borrow money in its own name (Bond, Bank loan) e.g. 900cr



100

Shareholder



₹90



₹10

Board of Directors



Chairman

Managing Director & CEO

Company



Selling Jio mobile
e.g. ₹1500

Liability of a shareholder is “LIMITED” (देयता "सीमित" है)

मान लीजिए जियोफोन की बैटरी फट गई
और ग्राहक सुरक्षा कोर्ट ने आदेश दिया कि
मुआवजे के रूप में ₹10,000 पीड़ित व्यक्ति
को देने होंगे

1) Reliance MUST Give customer
₹10,000 in compensation for
medical treatment.



- 2) I already contributed ₹10 capital.
- 👉 I'm not liable for anything more than that.
 - This court order doesn't mean “I've to pull EXTRA ₹1000 from my personal savings / selling my wife jewelry.”



₹90

₹10

Liability of a shareholder is “LIMITED” (देयता "सीमित" है)

3) Company = ‘**artificial legal person**’.
Company will to arrange that ₹10,000
e.g. take **bank loan**, issue **bond** etc.



₹90

₹10

2) I already contributed ₹10 capital.
• I'm **not liable for anything more than that**.
• This **court order doesn't mean “I've to pull EXTRA ₹1000 from my personal savings / selling my wife jewelry.”**

1) Reliance **MUST Give customer ₹10,000 in compensation for medical treatment.**



- **Joint Stock Company =**
When **capital is contributed by multiple number of investors**
- Individual **shareholders' Liability limited to the capital he subscribed.**
- Further **subtypes depending on # of members/participants**



SEBI, Sharemarket ke baad....1C-2: Corporate Governance



Company Types



Corporate Governance



Companies Act



Yearbook: MCA-Statutory Bodies



CSR

continued



Pillar 1C2: Corporate @handout

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Audio/Video Problem?



Edu Doubt?
Ask through



यह लोग जन सामान्य को विज्ञापन देकर अपने शेयर बांड खरीदने को नहीं बोल सकते हैं। अगर ऐसा करना है तो पहले पब्लिक लिमिटेड कंपनी बनना होगा



Companies Act 2013

Can't ask **public at large** to subscribe to their share/bond
They can ask

- ✓ 'friends/relatives'
 - ✓ 'private placement',
 - ✓ 'VCF', 'Angel investors' etc
- If they want to invite public to invest → they've to **convert registration to public ltd company**



Private Ltd



2-200



Public Ltd



7- unlimited

Can do it. IPO, FPO

यह लोग जन सामान्य को विज्ञापन देकर अपने शेयर बांड खरीदने को नहीं बोल सकते हैं.



Companies Act 2013



**Private Ltd.
2-200**

Majority companies in India are registered as Pvt Ltd.

⌚ Can't invite public at large to invest in share/bonds

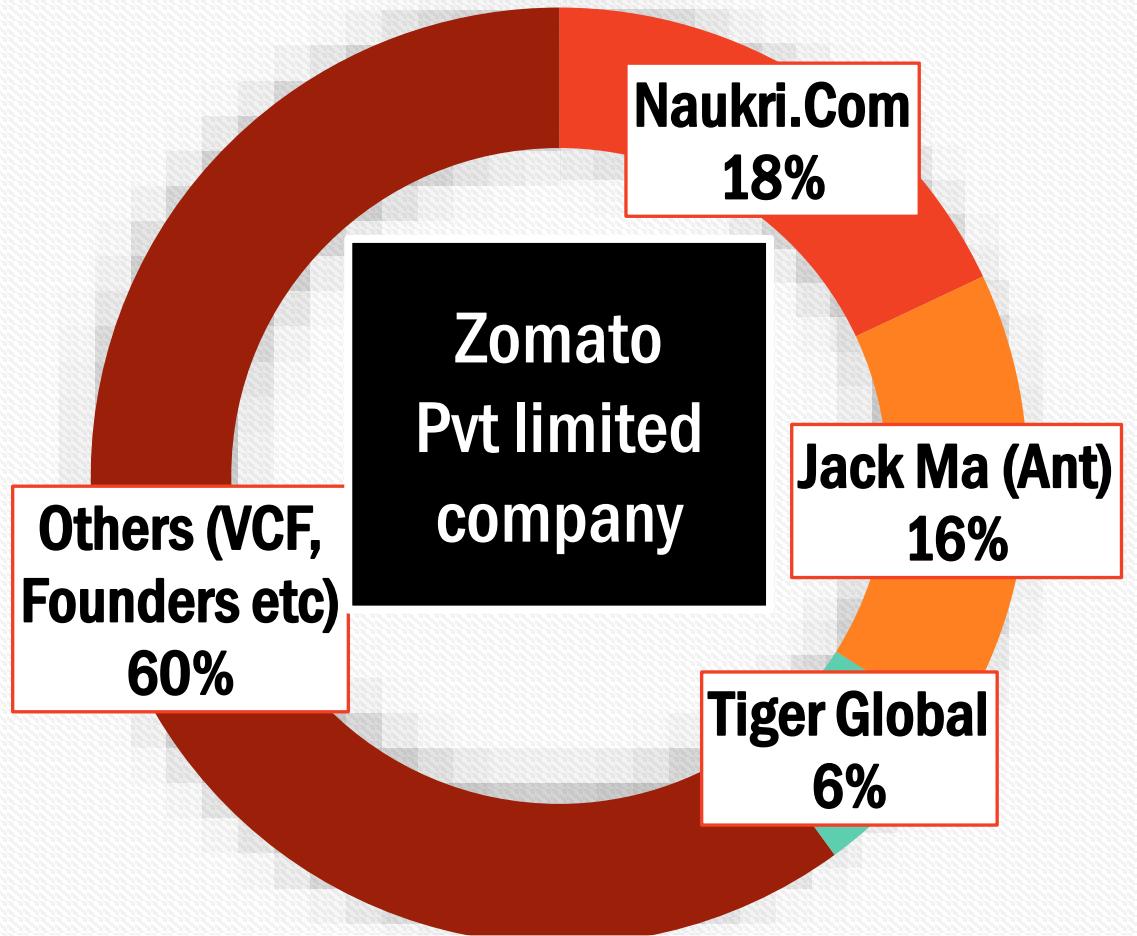


**Public Ltd
7-unlimited**

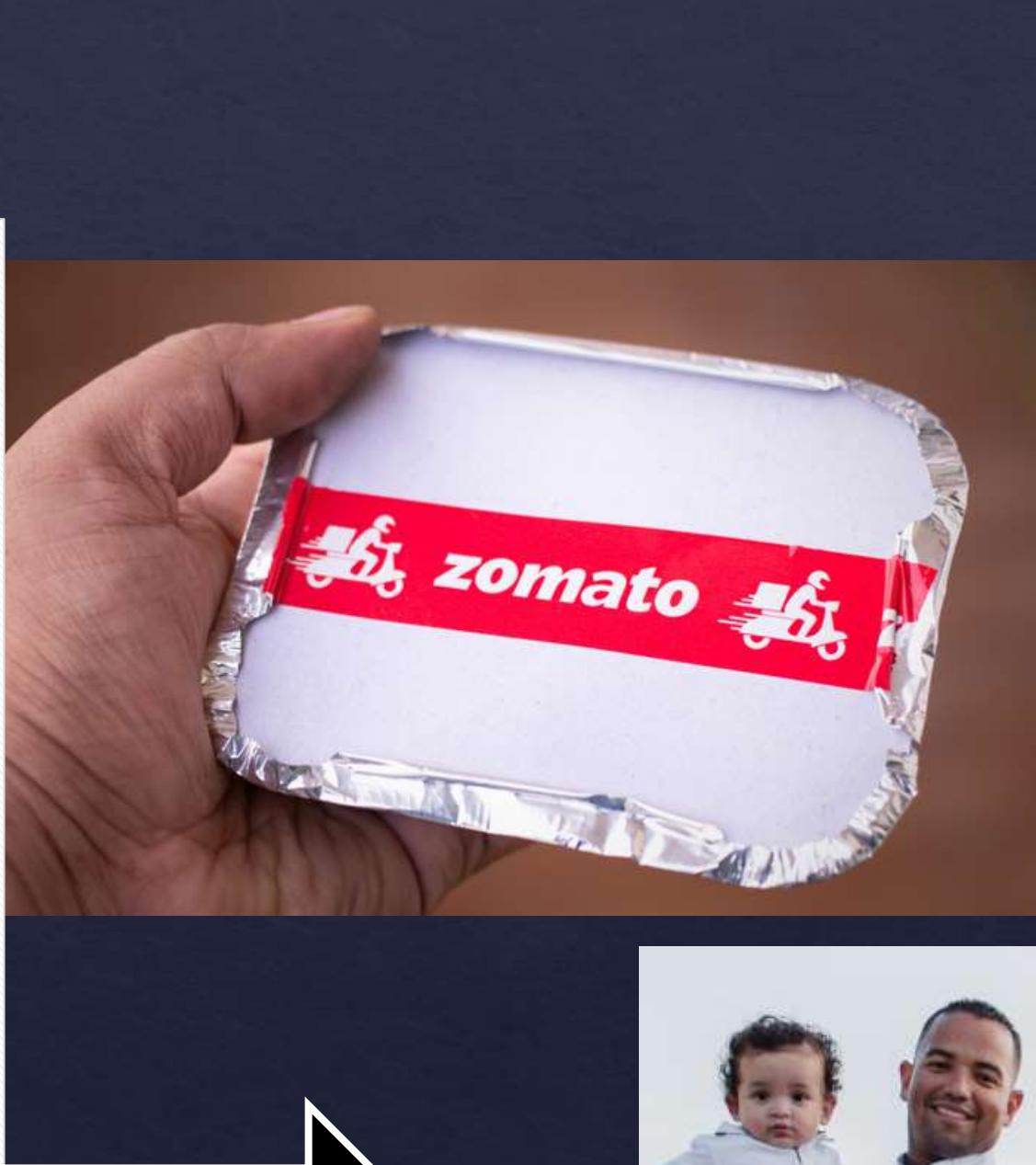
can invite public at large to subscribe to its shares & bonds.

Originally before IPO:

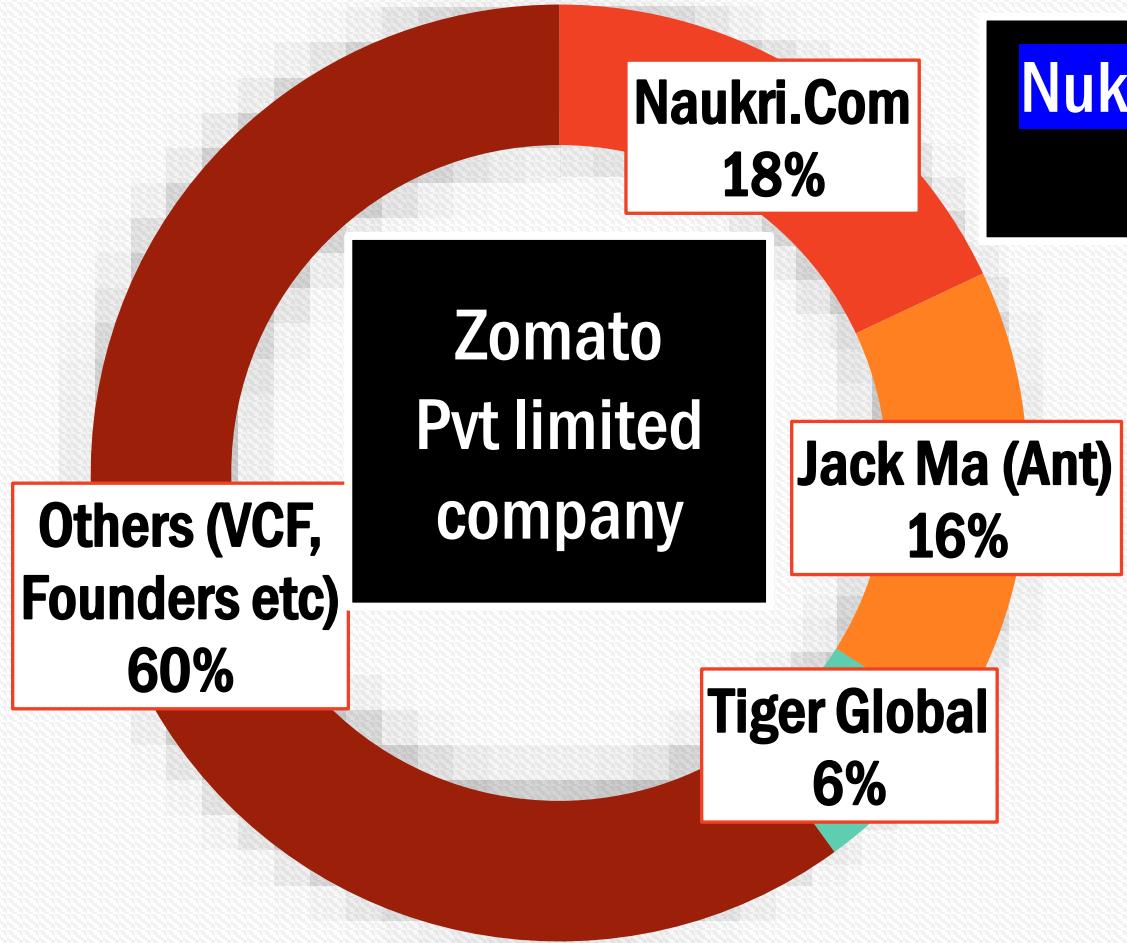
A pvt ltd company can't ask public at large
to invest in its shares



Change Registration to “Public Ltd” Company → IPO launch



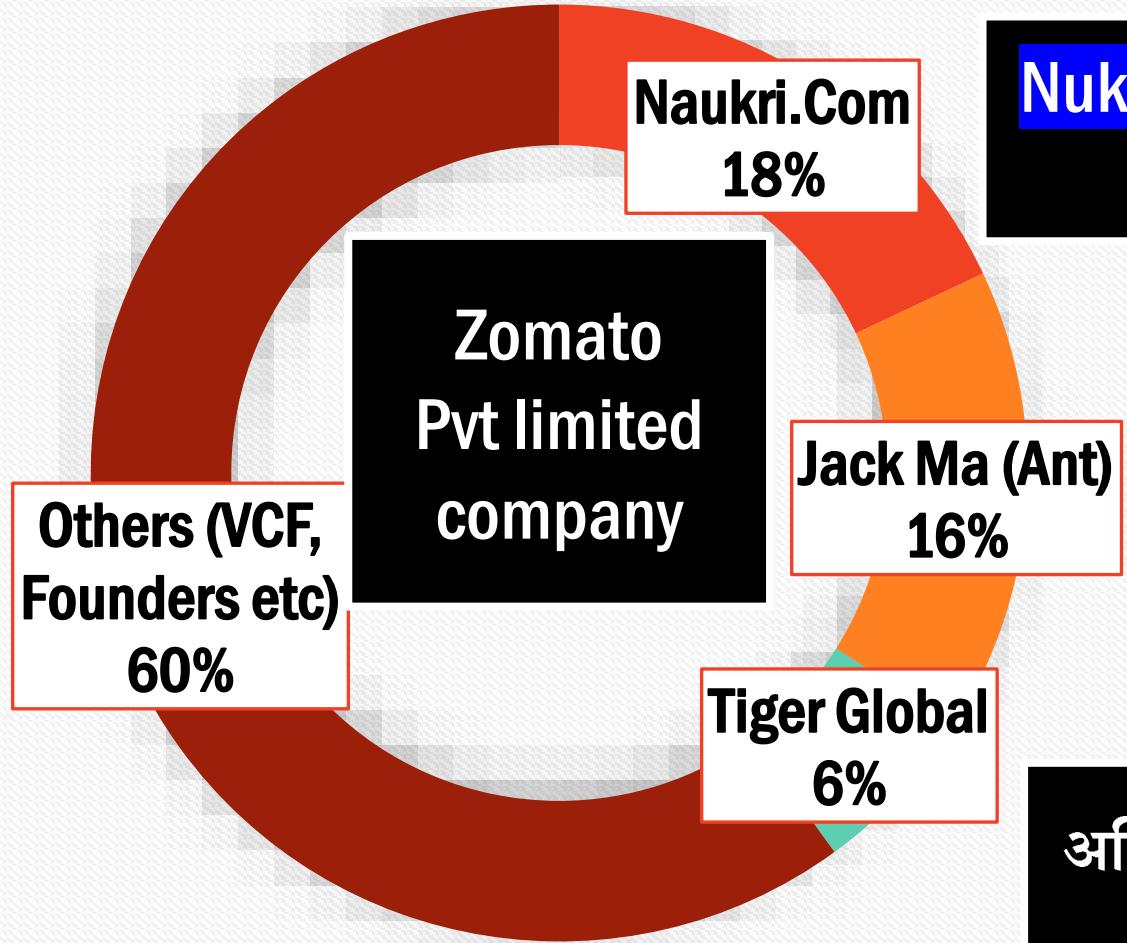
कम्पनी के विकास की लिए ये पैसा इस्तेमाल नहीं हुआ,
ये तो पुराना निवेशक अपनी हिस्सेदारी बेचके मुनाफा
कमा रहा है



Nukri.com sold off ₹375 cr ke Shares
OFS (Offer for Sale)



कम्पनी के विकास की लिए ये पैसा इस्तेमाल नहीं हुआ,
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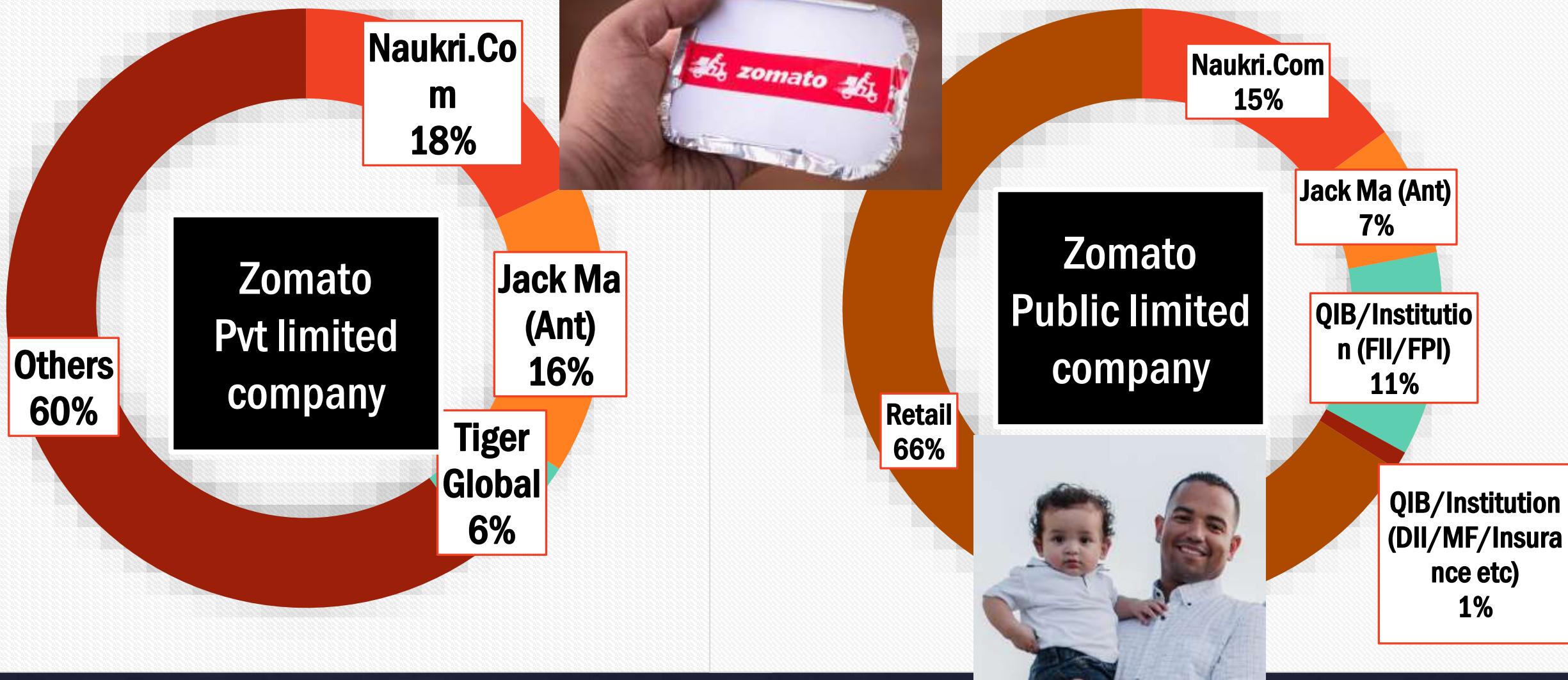


Nukri.com sold off ₹375 cr ke Shares
OFS (Offer for Sale)



अतिरिक्त शेयर जारी किये.. वो कम्पनी के विकास में
इस्तेमाल होंगे





Numbers not accurate. Only for illustration

यह लोग जन सामान्य को विज्ञापन देकर अपने शेयर बांड खरीदने को नहीं बोल सकते हैं.



Companies Act 2013



Private Ltd.
2-200

Majority companies in India are registered as

Pvt Ltd.

👉 Can't invite public at large to invest in share/bonds



Public Ltd
7-unlimited

can invite public at large to subscribe to its shares & bonds.

Public Sector



सरकारी कंपनी

Private Sector



निजी क्षेत्र की

👉 Don't confuse words:
public sector, private sector = whether govt has majority shareholding/NOT?

public limited, private limited = number of owners & can they invite public to subscribe to shares/bonds?

Companies Act : Types of companies → Public Ltd → Subtypes



Companies Act 2013



Private Ltd.
2-200

Majority companies in India are registered as Pvt Ltd.



Public Ltd.
7-unlimited

can invite public at large to subscribe to its shares & bonds.

It's a 'private sector' company, its shares are listed @BSE/NSE etc.



Listed
Infosys, Tata



Unlisted
IPPB

It's a 'public sector' company, but its shares not yet listed @BSE/NSE etc.

Companies

Is Govt the majority Shareholder?



Can ask retail investors to buy Shares/Bonds?



Pvt Sector



Public Sector



Pvt Ltd

Are its Shares listed on Stock Exchange?

Public Ltd



Unlisted



Listed

Companies Act 2013: Misc. types of companies-

कुछ अन्य प्रकार की कंपनियां

◆ One Person Company:

◆ **special type** of company having **only one member.**

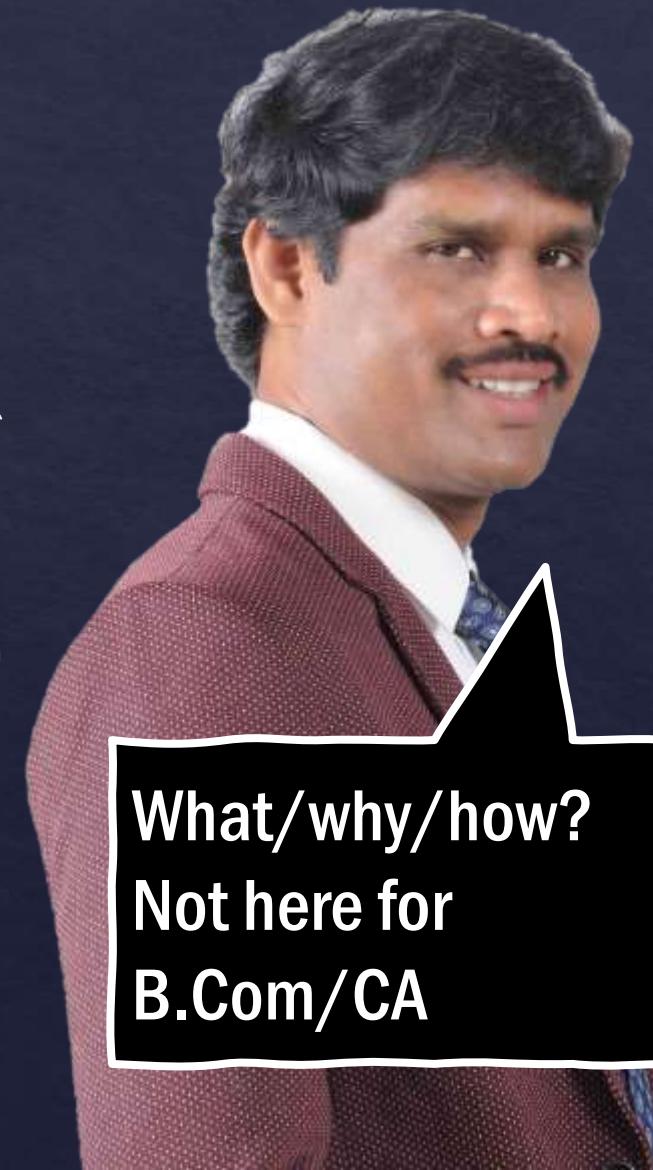
सिर्फ एक सदस्य से बनी हुई.

◆  **Budget-2021:** we'll make it easy to register / convert this type of company. इसका पंजीकरण और इसे अन्य किस्म की कंपनी में तब्दील करना हो वह प्रक्रिया आसान करेंगे

◆ **Not for Profit Company:** e.g. GSTN, NPCI etc. their profit is re-invested in business expansion.

◆ Certain tax benefits &

◆ relief in how frequently submit reports to MCA

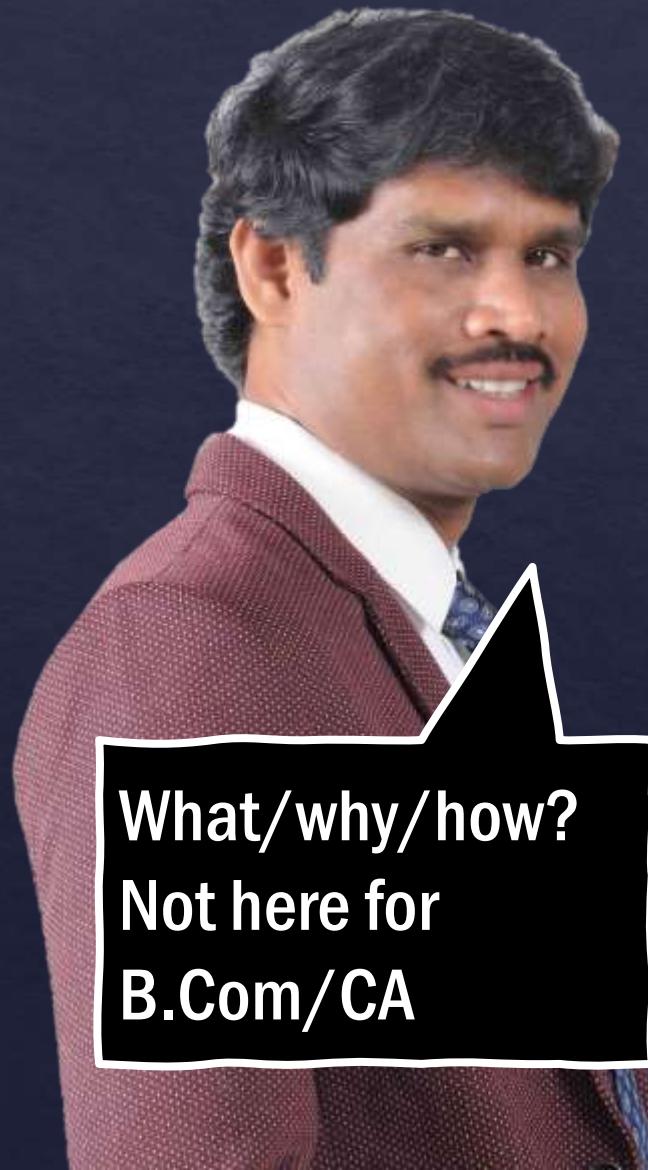


Companies Act 2013: Misc. types of companies

कुछ अन्य प्रकार की कंपनियां

Dormant Companies: (सुषुप्त) – 3 reasons

- ◆ A) setup now, to start production in future. उत्पादन भविष्य में शुरू करना हो लेकिन नाम मेरे कब्जे में रहे, इसे पहले ही नाम पंजीकृत करवा देता हूं
- ◆ B) setup to store intellectual property (E.g. patents)
- ◆ C) not filled annual returns for two consecutive years. दो क्रमिक वर्षों तक सालाना हिसाब किताब सरकार में जमा नहीं की How/why? NOT here for CA job.



**What/why/how?
Not here for
B.Com/CA**

Other ways of starting Companies

Private Ltd.
2-200

Public Ltd.
7-unlimited

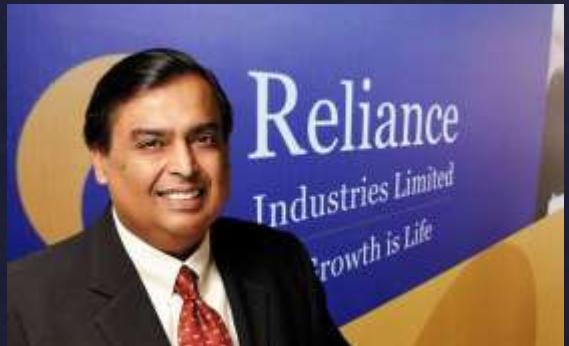
cumbersome & expensive. need to hire CA & corporate lawyers for

registration process

auditing/reporting norms

tax liabilities

winding up process



Companies Act = कंपनी शुरू तो कर सकते हैं लेकिन
उसके सरदर्द बहुत ज्यादा होते हैं 😠
तो क्या धंधा शुरू करने की कोई और तरीके हैं
जहां पर कम मगजमारी से काम हो सके

Other ways of starting Companies - धंधा शुरू करने के कुछ अन्य तरीके

Private Ltd.

2-200

Public Ltd.

7-unlimited

1) registration fees, auditing/reporting norms, tax liabilities, winding up process etc= cumbersome, expensive, need to hire CA & corporate lawyers 😞

2) Under Indian Partnership Act 1932

- A Partnership firm is formed by minimum 2 or more partners.
- Each partner is liable jointly with all the other partners
- for losses, wrongful biz. decisions and misconduct.

4) How, Why? Ans. Not here for C.A./LLB



3) Hotel owner may have to sell wife's jewelry for compensation to food poisoning victim.



adani

Companies Act



**registration, winding up etc.
paperwork burden**

**individual partner's
liability**



Restaurant



Partnership Act





adani

Companies Act



Vajiram and Ravi

registration, winding up etc.
paperwork burden

individual partner's
liability

limited liability
Partnership
(LLP) Act 2008



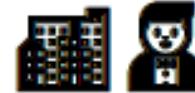
Partnership Act



LLP = दोनों साइड के
थोड़े थोड़े मजे मिलेंगे.
HOW? NOTIMP

Other types of commercial organizations

15.13.5



Commercial Organizations: Other Types

| | |
|-----------|--|
| PSU, CPSE | Ref: Pillar2: Disinvestment |
| MSME | Ref: Pillar1D: financial inclusion, Pillar4B |
| Startups | Ref: Pillar4B |

यह सब कुछ हम पढ़ेंगे
लेकिन अलग पिलर में

SEBI, Sharemarket ke baad....1C-2: Corporate Governance



Company Types



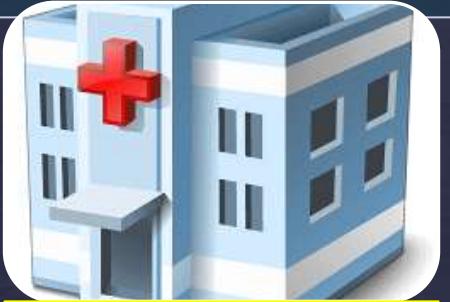
Corporate Governance



Companies Act



Yearbook: MCA-Statutory Bodies



CSR

तुम मेरे पापा के दोस्त हो?



Pillar 1C2: Corporate Governance

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Audio/Video Problem?



Edu Doubt?
Ask through



1C → Governance structure of a company?



Chairman



Managing Director
[CEO]



Profit

Board of Directors

Shareholders



Dividend



Then What is Corporate Governance?-कॉर्पोरेट शासन



1. It is a way of directing the company .
कंपनी को चलाने का तरीका
2. to protect the interest of all
stakeholders= (shareholders, staff,
customers, wholesaler, retailer, staff,
community around the factory..) जिसमें
सभी हित धारकों की रक्षा हो
3. and ensure three types of
compliance: तीन चीजों का पालन हो

- 1) Legal-Regulatory
compliance-कानूनी नियमों का पालन
- 2) Technical compliance-
तकनीकी नियमों का पालन
- 3) Moral-Ethical-नैतिक नियमों का
पालन

When corporate governance is weak, then

अगर कॉर्पोरेट शासन कमज़ोर होता है तो कांड होते रहते हैं



Satyam scandal

Tata boardroom
battle

Infosys
boardroom battle

ICICI-Videocon
loan scam



Yes Bank-
mismanagement

Diesel gate

FB: Cambridge
Analytica breach

How to prevent?
<MAINS>

1C → Governance structure of a company?



Chairman

Managing Director
[CEO]



Board of Directors



Shareholders



1. अगर एक ही व्यक्ति 500 कंपनी का डायरेक्टर बन जाएगा तो किसी भी कंपनी पर सही से निगरानी नहीं रख पाएगा और धांधली होती रहेंगी
2. अगर बॉर्ड में कोई भी महिला नहीं होगी तो महिला कर्मचारी ओं के खिलाफ होने वाले यौन शोषण के प्रति उदासीन रवैया रहेगा
3. इसलिए कंपनी कानून में कुछ नियम बनाए गए

Independent Directors

अल्पसंख्यक शेयर होल्डर की हितों की रक्षा के लिए स्वतंत्र डायरेक्टर

Private Ltd.

2-200

Min. 2 Max15

Public Ltd.

7-unlimited

Min.3- Max15

As per Companies Act

- 1 director Indian resident
- 1 director Woman
- 1/3rd Must be independent- स्वतंत्र होने चाहिए



Independent Directors

अल्पसंख्यक शेयर होल्डर की हितों की रक्षा के लिए स्वतंत्र डायरेक्टर

Private Ltd.

2-200

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Public Ltd.

7-unlimited

Min.3- Max15

As per Companies Act

- 1 director **Indian** resident
- 1 director **Woman**
- **1/3rd Must be independent** - स्वतंत्र होने चाहिए



Independent Director means

- Founder..... X
- Employee x
- Limits on how many companies he can serve.

Why need them?

1. protect interest of (minority) shareholders - अल्पसंख्यक शेरहोल्डर्स के हितों की रक्षा
2. enforce corporate governance.

SEBI can prescribe higher norms on listed Public Ltd.

एक ही व्यक्ति दोनों ही पद पर आसीन नहीं होना चाहिए



Chairman



Managing Director
[CEO]



Board of Directors

Public Ltd. Shareholders



SEBI can prescribe higher norms on listed Public Ltd.

एक ही व्यक्ति दोनों ही पद पर आसीन नहीं होना चाहिए



Chairman



Managing Director
[CEO]



Accountability, whims & Fancies

Board of Directors

Public Ltd. Shareholders



SEBI's UDAY KOTAK COMMITTEE ON CORPORATE GOVERNANCE (2017):

Split CMD post, i.e.,
Chairman separate person
Managing Director separate person
WEF 1/4/2022.
Although SEBI later made it 'voluntary'

How to enforce Corporate Governance?

Companies Act 2013 mandates

- ◆ One Chartered Accountant can't audit more than "Y" number of companies (else he'll rubberstamp without checking) एक चार्टर्ड अकाउंटेंट इससे ज्यादा कंपनियों का लेखा परीक्षण नहीं कर सकता
- ◆ Companies have to setup whistleblower protection mechanism.



How to enhance / improve Corporate Governance?

कॉर्पोरेट्स शासन बेहतर करने के लिए अलग-अलग समिति भी बनाई गई है

◆ Notable Committees for improving corporate governance in India:

- ◆ Kumar Mangalam Birla (1999)
- ◆ Narayana Murthy (2003)
- ◆ Adi Godrej (2012)
- ◆ Uday Kotak (2017).



Companies Act
2013



can invite public at large
to subscribe to its
shares and bonds.



भारतीय प्रतिभूति और विनियम बोर्ड
Securities and Exchange Board of India

Companies Act → Public Ltd. Cos have to appoint Company Secretary



Secretary General

-Keeps records of **Lok Sabha** proceedings. सदन में क्या कार्रवाई हुई उसका लेखा-जोखा रखता है

-Similarly, **Company Secretary** keeps records of the **Board meetings**.

- specific **minimum #** of annual meetings,
- norms for **quorum**,
- mechanism for **e-voting**. Etc.

SEBI, Sharemarket ke baad....1C-2: Corporate Governance

तुम मेरे पापा
के दोस्त हो?



Company Types



Corporate
Governance



Companies Act



Yearbook: MCA-
Statutory Bodies

CSR

ATMANIRBHAR

Companies Act → Statutory Bodies- वैधानिक संस्था कौन सी

| | |
|----------|--|
| Features | National Company Law Tribunal (NCLT) |
| Members | Judicial + technical |
| Appeal | NCLAT (Appellate tribunal) |
| Cases | Hear the cases related to Companies Act, Board room battles, Merger-Acquisition, Corporate Insolvency & Bankruptcy (I&B) |



The diagram illustrates the process for Corporate Insolvency & Bankruptcy (I&B) resolution:

- I&B code: Appeal structure**: Shows a group of people in an office setting.
- Company / individual that has defaulted on a business loan**: Describes the debtor.
- IP makes resolution plan in 180-270 days. If not accepted by majority of creditors then liquidation of company**: Details the timeline and outcome of the resolution plan.
- Rescue plan: banking forgo a part of loan, reduce interest rate, extend repayment tenure, agree for partial change of ownership company etc...**: Describes alternative rescue measures.
- Creditors (banks, NBFCs)**: Shows a yellow arrow pointing towards creditors like Axis Bank and ICICI.

Companies Act → Statutory Bodies

| | | |
|----------|--|---|
| Features | <input checked="" type="checkbox"/> National Company Law Tribunal (NCLT) | National Financial Reporting Authority (NFRA) |
| Members | Judicial + technical | Chairman + Few members |
| Appeal | NCLAT (Appellate tribunal) | NFRAA (Appellate Authority) |
| Cases | Hear the cases related to Companies Act, Board room battles, Merger-Acquisition, Corporate Insolvency & Bankruptcy (I&B) | Sets standards for Auditors & Chartered Accountants (CA), in listed companies and large unlisted companies. If malpractices → investigate and Debar them, |





**1 Dead Investor
without Nominee
to Shares &
dividend**



**2 Investor Education
and Protection Fund
Authority (IEPF)**



1 Dead Investor
without Nominee
ke Shares &
dividend



तू क्या लेकर आया
था और क्या लेकर
3 जाएगा?



2 Investor Education
and Protection Fund
Authority (IEPF)

Vijay D.Chauhan

4 अपने मरे बाप के
unclaimed shares &
dividend को reclaim
करने आया हूं



5 we'll make an IT-
portal to help Vijay

BUDG

Companies Act → Statutory Bodies (4th)



Unclaimed
Dividend, Interest,
Principle.



| Investor Education and Protection Fund | SFIO (Serious Fraud Investigation Office) |
|---|---|
| <p>Boss: Corp. Affairs Secretary (IAS). Plus, members from RBI, SEBI, financial experts</p> | <p>Civil servants & financial experts</p> <p>Govt orders SFIO investigation into IL&FS and its subsidiaries</p> <p>The government on Monday said an Serious Fraud Investigation Office (SFIO) investigation has been ordered into the affairs of IL&FS and its subsidiaries.</p> <p><small>BusinessToday.In Last Updated: October 1, 2018 19:19 IST</small></p> |
| <p>Regular Courts</p> <p>They use unclaimed money from shares/bonds for financial literacy and awareness.</p> | <p>Regular Courts</p> <ul style="list-style-type: none">Investigate white-collar (financial) frauds. Powers to search, seize, arrest.Once SFIO gets case, other agencies (like CBI) can't proceed. |





**company registration
document submission**



हम यह
दफ्तर
बनाएंगे



**Central Data
Processing Centre**

**Ministry of
Corporate Affairs**

Monopoly

if only one refinery left

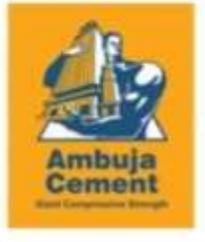
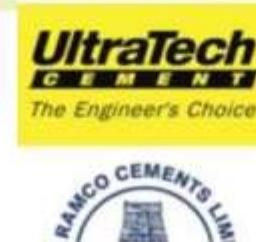
सस्ता पेट्रोल नहीं बेचेंगे.



Cartel:

controlling price /supply

together सस्ता डेटा प्लान नहीं बेचेंगे.



who will protect customers?



MRTP Act
1970



Competition Act 2002
Competition Commission of India
(भारतीय प्रतिस्पर्धा आयोग)

“Yearbook Info”: Ministry of Corporate Affairs

Legislative Responsibilities of MCA

- Various CA,CS, Accountant-walle acts
- Companies Act 1956 → 2013
- Competition Commission of India: 2002
- I&B Code,2016. Leaned in Pillar#1B2
- Limited Liability Partnership Act, Partnership Act
- **Societies Registration Act, 1860:** for registration of literary, scientific and charitable societies

मंत्रालय के विभाग /
जिम्मेदारिया / पोर्टल?

E-governance initiatives of MCA

- INC-29 SPiCE online form to registration of new company.
- **MCA-21** portal, where companies can file online documents related to Companies Act compliance.

Companies Act, 2013 → Corporate Social Responsibility (CSR)

- ❖ Last 3 years' avg. profit → 2% CSR spend (education, environment, public health, sanitation....)

बड़ी कु। ने मुनाफे का कुछ हिस्सा समाज सेवा मे लगाना होगा

CSR Applies to Companies with:

1. net profit of ₹50 million (Excluding Tax)
2. net worth of ₹5 billion (Asset-liability)
3. turnover of ₹10 billion (sales excluding costs)

Ministry of Corporate Affairs (MCA) gives National CSR Awards to companies.



-  Technical criteria not imp.
- just remember CSR applies on large-sized companies.

Consider following statements about a joint-stock company :

1. It has a legal existence. कानूनी अस्तित्व होता है
2. There is limited liability of share holders. शेयर धारक की देयता सीमित होती है
3. It has a democratic management. लोकतांत्रिक रूप से संचालन होता है
4. It has a collective ownership. सामूहिक स्वामित्व होता है

Which of the statements given above are correct?

- a) 1 and 2 only b) 1, 2 and 3 only
c) 3 and 4 only d) 1, 2, 3 and 4



Such random bombs
will be dropped in
real exam. 50:50 or
skip.

100% Surety

50:50

E) Skip

P
Atte

Liability of a shareholder is “LIMITED” (देयता "सीमित" है)

3) Company = ‘**artificial legal person**’.
Company will to arrange that ₹10,000
e.g. take **bank loan**, issue **bond** etc.



₹90

₹10

2) I already contributed ₹10 capital.
• I'm **not liable for anything more than that**.
• This **court order doesn't mean “I've to pull EXTRA ₹1000 from my personal savings / selling my wife jewelry.”**

1) Reliance **MUST Give customer ₹10,000 in compensation for medical treatment.**



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will be dropped in real
exam. 50:50 or skip.



No need to overthink “how is it
democratic management
when Mukesh Ambani owns
large no. of shares?”

100% Surety

50:50

E) Skip

P
Atte

MCQ. Which of the following is issued by registered foreign portfolio investors to overseas investors who want to be part of the Indian stock market without registering themselves directly?

- (a) Certificate of Deposit**
- (b) Commercial Paper**
- (c) Promissory Note**
- (d) Participatory Note**

100% Surety

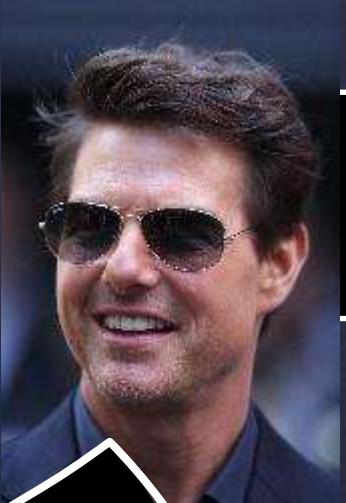
50:50



विदेशी निवेशक भारतीय शेयर बाजार में
बिना पंजीकरण के हिस्सा ले सके उसके
लिए इनमें से कौन सी चीज जारी की
जाती है

What is a Participatory Note (P-Note)?

उसे एचएसबीसी एक रसीद बनाकर देगा



Look HSBC gave me a “P-Note” for my investment
👉 Indian PAN card नही है
👉 Indian DEMAT account
नही
फिर भी मेरे को भारतीय शेयर बाजार
मे पैसा निवेश करना है।

Offshore
Investor




HSBC

SEBI registered FII/FPI (India)



P-Note
Derives value from FII portfolio



FII/FPI's portfolio

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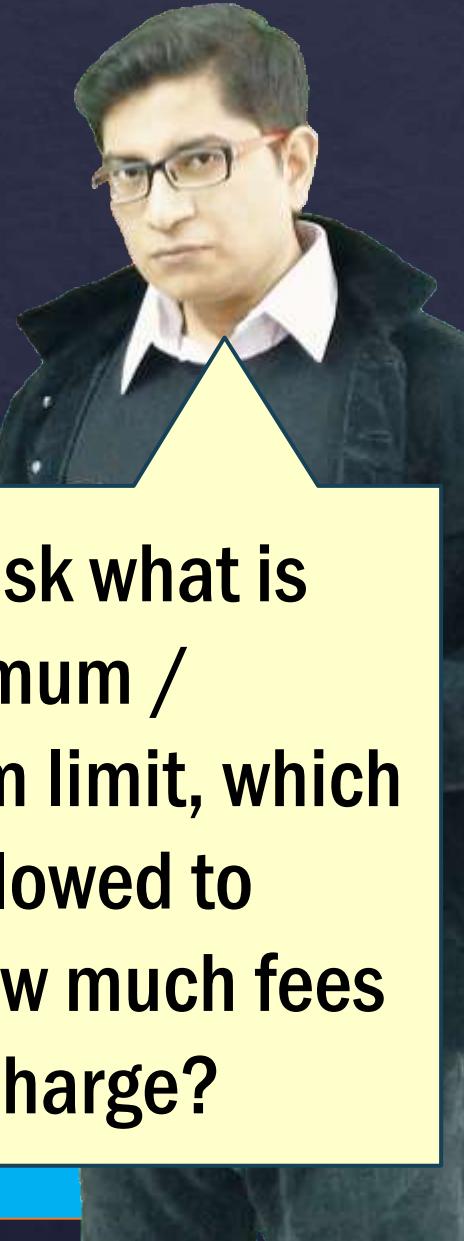
First 3 are short term debt instruments.

Did not ask what is the minimum / maximum limit, which FII are allowed to issue, how much fees do they charge?

100% Surety

50:50

E) Skip



SEBI, Sharemarket ke baad....1C-2: Corporate Governance



Company Types

Corporate
Governance

Companies Act

More on
corporate
governance
in Mains.



Yearbook: MCA-
Statutory Bodies



CSR



ATMANIRBHAR

Presently we are here 1: money banking finance insurance

A-1

- Money: barter to Bitcoin

A-2

- RBI's monetary policy
- CRR, SLR, Repo etc

B-1

- Classification of Banks-NBFC

B-2

- Burning issues in Banking sector
- NPA, IBC, BASEL...

C

- SEBI Sharemarket

D

- Insurance, Pension, Fin. Inclusion



1) MBFI



2) Budget



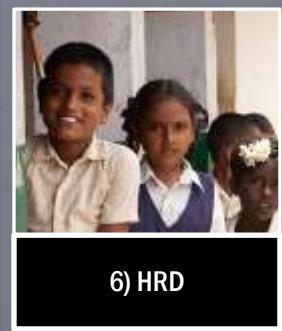
3) Intl. Trade



4) Sectors of Economy



5) Infrastructure



6) HRD



7) 4Z: Microeconomics



8) Last lecture
Updation of all pillars

NEXT