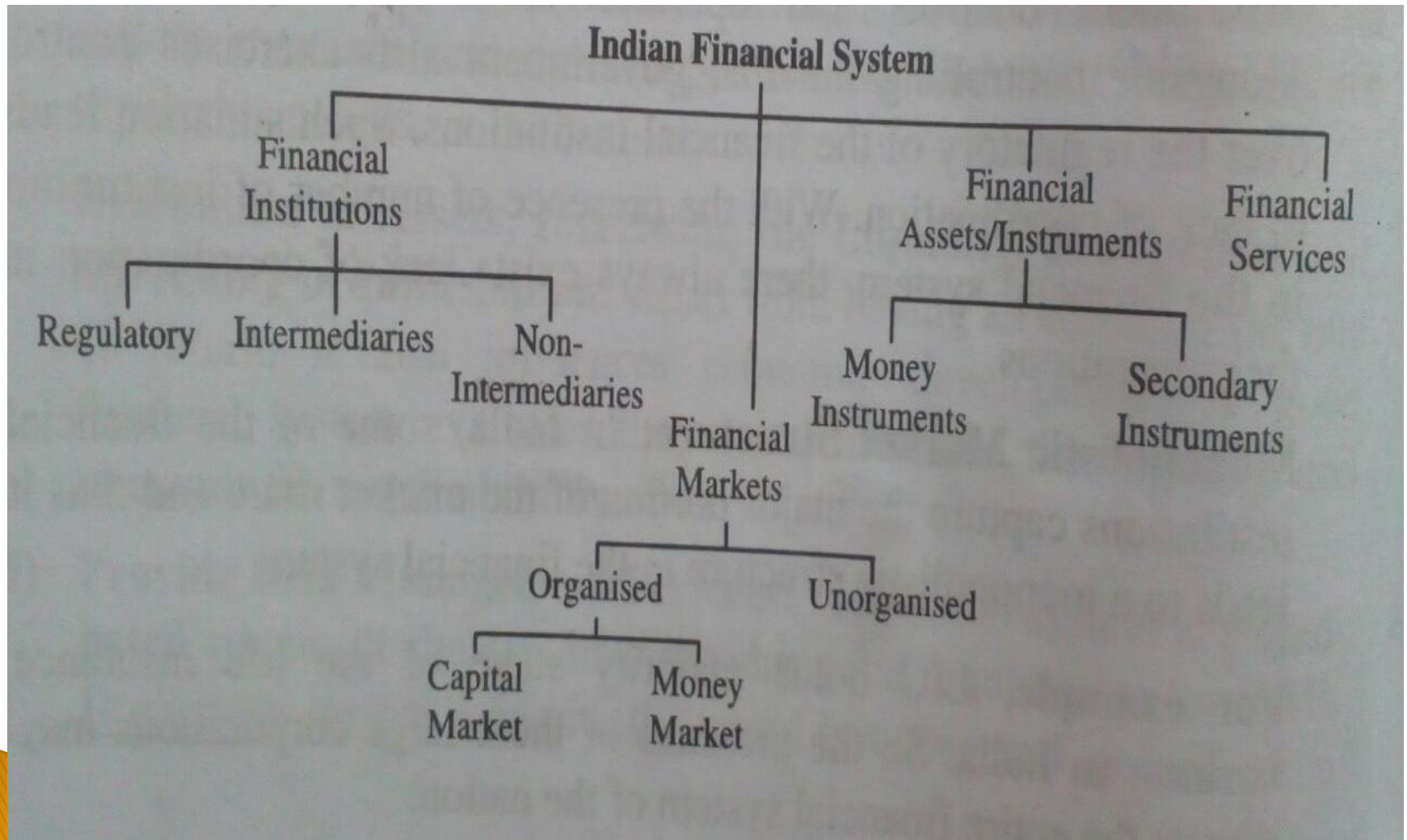


Indian financial system & services

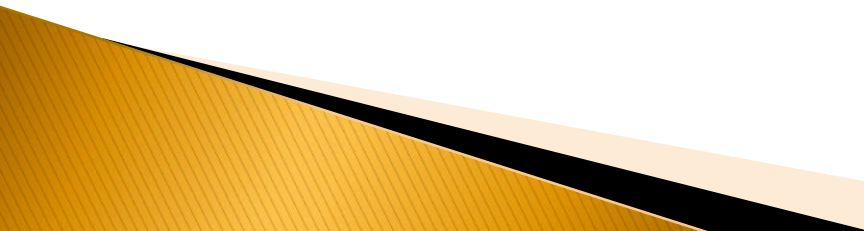
Module- I
Class 2

Components of Indian Financial System:




I. Indian Financial Institutions

- ▶ **1. REGULATORY**– RBI, SEBI, IRDA etc.
- ▶ Money market instruments are regulated by RBI.
- ▶ Capital market instruments are regulated by SEBI.
- ▶ **2. INTERMEDIARIES**– Fulfill the short term requirement of funds.
- ▶ It consists of banking (SBI, BOI, UBI, etc.) & Non-Banking intermediaries(GIC, LIC, UTI, etc.)

- ▶ Other important services like credit rating, leasing, merchant banking, hire–purchase are also provided by these intermediaries.
 - ▶ Intermediaries are of 4 types;
 - ▶ A. Commercial Banks
 - ▶ B. Non–Banking Financial Institutions (NBFI)
 - ▶ C. Investment Companies (UTI & Mutual Funds)
 - ▶ D. Insurance Companies
- 

▶ 3. Non-Intermediaries–

- ▶ Provides funds on long term basis. They are institutions which lend on long term basis only.
 - ▶ Financial Corporations and investment institutions like ICICI, IDBI, NABARD, IFCI, etc.
- 

II. Indian Financial Markets

- ▶ 1. Un-Organized Markets:
 - ▶ Indigenous Bankers, Money Lenders, Traders & Businessmen, etc.
 - ▶ Private Financing Companies, Nidhi's, Chit Funds, etc.

- ▶ 2. Organized Markets:
 - ▶ A. Capital Market

▶ (i) Equity Market

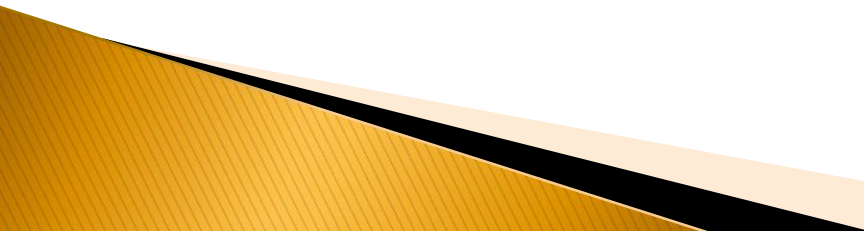
- ❖ Primary Market (Initial Public Offer – IPO)
- ❖ Secondary Market (Stock Exchanges)

❖ (ii) Debt Market

- ❖ Securities in the nature of Bonds and Debentures


- ❖ B. Money Market (Ready Market or Short-Term Market)

III. Indian Financial Assets & Instruments:

- ▶ **A. Money Market Instruments**
 - ▶ 1. Call and Notice Money Market
 - ▶ 2. Commercial Papers (CP)
 - ▶ 3. Treasury Bills
 - ▶ 4. Bill of Exchange
 - ▶ 5. Certificate of Deposits (CDs)
 - ▶ 6. Money Market Mutual Funds (MMMFs)
- 


- ▶ **B. Capital Market Instrument**
 - ▶ 1. Equity Shares
 - ▶ 2. Preference Shares
 - ▶ 3. Debentures
 - ▶ 4. Bond
 - ▶ 5. Right Issue or Right Shares
 - ▶ 6. Bonus Shares
 - ▶ 7. Government Securities
- 

▶ C. Derivatives


- ▶ 1. Forwards
 - ▶ 2. Futures
 - ▶ 3. Options
 - ▶ 4. Swaps
- 

IV. Indian Financial Services:

▶ A. Asset & Fund Based Financial Services

- ▶ 1. Lease Financing
 - ▶ 2. Hire Purchase
 - ▶ 3. Factoring
 - ▶ 4. Forfaiting
 - ▶ 5. Mutual Fund
 - ▶ 6. Exchange Traded Fund
 - ▶ 7. Consumer Credit or Consumer Finance
 - ▶ 8. Bill Discounting
 - ▶ 9. Housing Finance
 - ▶ 10. Venture Capital
- 

▶ **B. Fee-Based Financial Services**

- ▶ 1. Merchant Banking
 - ▶ 2. Credit Rating
 - ▶ 3. Stock Broking
 - ▶ 4. Debt Securitisation
 - ▶ 5. Letter of Credit
 - ▶ 6. Bank Guarantees
- 

Role of Financial System in Economic Development

- ▶ Saving Mobilization
 - ▶ Investment
 - ▶ Banking System
 - ▶ National Growth
 - ▶ Monetary Policy
 - ▶ Entrepreneurship Development
- 



Thank You Class...