Week 3 assignment

1. What are the financial instru-ments and its classification

Debt instruments:- Like bonds and loans, which represent a debt owed by the issuer to the holder

Equity instruments:- Such as stock which represent ownership in a company

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IMPORTANT NOTES:

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Hybrid instruments: Combining characteristics of debt and equity, like convertible bonds.

Derivative instruments: Contracts whose value is derived from an underlying asset, index or rate.

2.) Difference between organized market and unorganized market

① Organized market:
Refer to exchange or markets where securities are traded through formal mechanisms like stock exchange. These markets have clear rules, regulation and centralized platforms.

Unorganized market:
Also known as over-the counter (OTC) market where transaction occur directly between buyer and seller without a formal exchange.

IMPORTANT NOTES

3.) Role of Sebi, rbi ministry of finance in indian financial system

SEBI (Securities and Exchange Board of india)

* Regulates the securities market in india

* Protects investor interest and ensures fair practices

RBI (Reserve Bank of india)

Central banking institution that manages monetary policy and regulates the banking Sector

ministry of finance

* formulates and implements economic policies related to taxation financial legislation and budgeting

* oversees various financial institutions and ensures economic growth and stability