Capital markets

Week-3

1. Financial Instruments and its classification:-

Financial Instruments are assets or contracts that represent value. They can be classified into:-

- Cash Instruments (e.g currency, cheques).

* Marketable securities (e.g stocks, bonds, Mutual funds)

* Derivatives (e.g. option, futures, swaps).

* Alternative Investments (e.g. real estate, commodities art).

* Debt instruments (e.g. loans, credit cards)

* Equity Instruments (e.g shares, stocks)

* Hybrid Instruments (e.g convertible bonds, preference shares).

2. Difference between organized and unorganized markets:-

Organized Markets:-

* Regulated by government agencies (e.g SEBI, RBI).

* standardized rules and procedures.

* Transparent and publicly disclosed information.

* Examples :- Stock exchanges, Commodity exchanges.

Unorganized markets:

* Unregulated or partially regulated.

* Lack standardization and transparency.

* often informal or illegal

* Examples:- black markets, illegal trading, unlicensed lending.

3. Role of SEBI, RBI and Ministry of Finance in Indian financial system :-

* SEBI (Securities and Exchange Board of India).

* Regulates capital markets, stock exchanges and securities.

* protects Investors Interests

* promotes market development and stability.

* RBI (Reserve Bank of India).

* Regulates banking and financial systems.

* Manages monetary policy and foreign exchange.

* Supervises commercial banks and non-banking financial companies.

* Ministry of finance.

* Formulates economic policies and budget.

* Oversees financial Institution and market.

* Regulates taxation and fiscal policies.