Bond Meaning

Bond is the most common type of debt instrument issued by the government, large corporations, or agencies of the government to raise capital.

The borrower uses this money to fund its operations, and the investors are entitled to receive interest on their investment. Bonds fall under the fixed-income class.

[Bonds](https://www.bajajfinservsecurities.in/what-is-a-bond)are generally considered a relatively safe investment. It pays its investors a fixed rate of return periodically. A bond’s market value may change over time. Callable, Fixed-rate, Floating-rate, Zero Coupon, and Puttable Bonds are some of the common varieties of bonds available for investors.

Debentures Meaning

A debenture is an unsecured debt instrument that isn’t secured by collateral. Private companies use debentures to raise capital for business expansion, upcoming projects, or for raising short-term capital.

Since the debenture is not secured by collateral, the backing is provided through its creditworthiness reflected through the credit ratings and issuer’s reputation.

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Types of bonds: **Treasury, savings, agency, municipal, and corporate**

Examples of debentures are **Treasury bonds and Treasury bills**