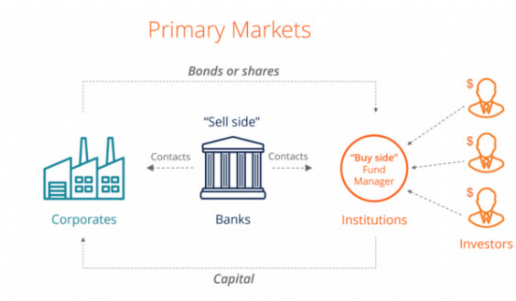
Indian Financial Markets

Introduction:

A primary market is one in which the securities are sold for the first time in order to collect long-term capital for the businesses. It is basically responsible for acquiring new issues. Therefore, it is also called the new issue market.



Funds collected

- Newly established businesses
- Existing businesses

Funds are used

- Setting up a new business unit
- Expanding the business
- Modernizing the plant, machinery, etc.

Features of primary market:

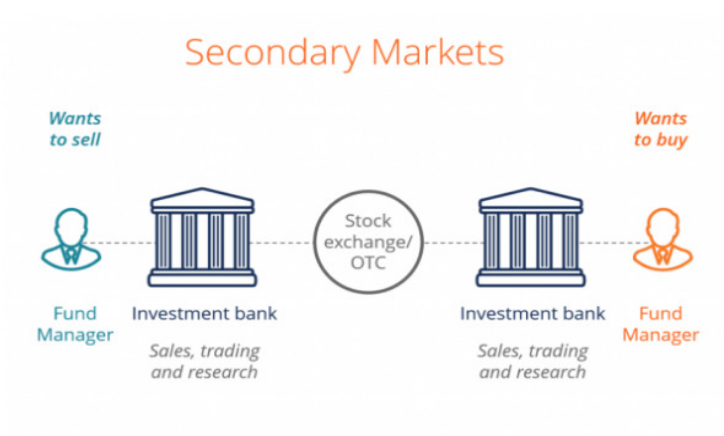
- It is a market for creation of long-term capital
- Fresh issue of securities takes place in the primary market, wherein the buyers are retail and institutional investors

The sources for raising capital in the primary market

Sources of Raising Capital in the Primary Market	
Public Issue	Company issues the prospectus and invites the public to purchase its shares and debentures
Offer for Sale	New securities are offered to an intermediary firm or stockbroker at a fixed price only to be resold to the general public.
Private Placement	Company sells securities to the institutional brokers or investors instead of selling them to the general public. The securities are then sold to selected clients at a higher price.
Rights Issue	It is used by a company who has already issued their shares. However, in this case, the shareholder holds the right to either accept the offer for himself or assign a part of his right in favour of another person.
E-IPOs	The securities are issued through the digital mode. The company issuing the securities first enters into a contract with any of the stock exchanges. For that, a SEBI-registered broker has to be appointed, who then works as the communication channel.

The Secondary Market

A secondary market is the one in which the securities of the companies are traded among the investors. That means, the investors can buy and sell securities freely without any intervention of the issuing company. In such transactions that take place among the investors, the issuing company does not participate in the income generation. Besides, the share valuation is based on the share's performance in the market.



Features of the Secondary Market

Apart from ensuring true and fair dealing for the protection of the investors' interest, the features of the secondary market include the following:

- **Creating Liquidity:** The most important feature of the secondary market is to create liquidity, that means, immediate conversation of the securities into cash. Besides, as the secondary market security can be sold and bought a number of times, it aids in liquidity creation.
- **Follows the primary market:** Unlike the primary market, any new security cannot be sold for the first time in the secondary market. All the new securities are first issued in the primary market and then are sold and bought in the secondary one.
- **Stock Exchange:** The secondary market has a particular place wherein the securities are traded, it is called the Stock Exchange. However, it is not mandatory for the trading to be performed through a stock exchange only. Even two individuals can trade them mutually and it can still be called a transaction.
- **Encourages new investment:** As the rates of the securities often fluctuate in the share market, many investors come to trade and earn profits, giving rise to new investment. This results in increased investment in the industrial sector.

Types of Secondary Market

The secondary market is mainly categorized into the Stock Exchanges and Over-the-Counter markets. Given below is the brief summary of the same:

- **Stock Exchange**

The stock exchanges are nothing but a centralized platform that enables trading of the securities without any contact between the buyers and the sellers. The Bombay Stock Exchange (BSE) and the National Stock Exchange (NSE) are the foremost examples of the stock exchanges in India.

All the transactions taking place in the stock exchanges are subjected to constricted regulations in the securities trading. A stock exchange acts as a guarantor and thus there is no risk of the counterparty risks.

Over-the-Counter (OTC) Markets

These are decentralized markets, mainly consisting of participants that are engaged in trading among themselves. As there is no regulatory authority involved, and the parties deal directly with each other, there are counterparty risks in the OTC markets. The FOREX (foreign exchange market) is an example of the over-the-counter market.

Primary Market Vs Secondary Market

Now that we have a better understanding of the primary as well as the secondary market, let us also know the key differences between them. Given below is a detailed note on primary market vs secondary market.

Primary Market	**Differences**	**Secondary Market**
It is a marketplace where companies float fresh issues of securities in the general public with an aim to acquire capital to meet their long-term funds needs.	**Meaning**	It is a setup of the capital market wherein current shares, treasury bills, debentures, etc. of the companies are floated among the investors.
New Issue Market (NIM)	**Also known as**	After Issue Market (AIM)
Direct	**Type of purchase**	Indirect
Trading between company and the investors	**Parties Involved in Trading**	Trading between the investors
It finances the existing companies for expansion and growth	**Finances**	It does not provide any sort of financing
Underwriters/ Investment Bankers	**Intermediaries**	Brokers
Fixed	**Price Levels**	Varies with demand and supply
It becomes the capital for the company	**Treatment of the amount received**	It becomes the income of the investors

Provides financing to the new and existing companies	**Purpose**	Enables traders/ stockbrokers to earn profits by trading the securities among them
Securities can be traded only for once	**Validity of the Securities**	Securities can be traded infinite times

Brokers in Secondary Markets

A broker is an individual or firm that acts as an intermediary between an investor and a securities exchange. Because securities exchanges only accept orders from individuals or firms who are members of that exchange, individual traders and investors need the services of exchange members.

Brokers provide that service and are compensated in various ways, either through commissions, fees, or through being paid by the exchange itself. Invest opedia regularly reviews all of the top brokers and maintains a list of the best online brokers and trading platforms to help investors make the decision of what broker is best for them.

We recommend the best products through an independent review process, and advertisers do not influence our picks. We may receive compensation if you visit partners we recommend. Read our advertiser disclosure for more info.

- A broker is an individual or firm that acts as an intermediary between an investor and a securities exchange.
- A broker can also refer to the role of a firm when it acts as an agent for a customer and charges the customer a commission for its services.
- Discount brokers execute trades on behalf of a client, but typically don’t provide investment advice.
- Full-service brokers provide execution services as well as tailored investment advice and solutions.
- Brokers register with the Financial Industry Regulatory Authority (FINRA), while investment advisers register through the SEC as registered investment advisors (RIAs)

Discount vs. Full-Service Brokers

Discount brokers can execute many types of trades on behalf of a client, for which they charge a reduced commission in the range of $5 to $15 per trade. Their low fee structure is based on volume and lower costs. They don't offer investment advice and brokers usually receive a salary rather than a commission. Most discount brokers offer an online trading platform that attracts a growing number of self-directed investors. Such services usually charge $0 in commissions.

Full-service brokers offer a variety of services, including market research, investment advice, and retirement planning, on top of a full range of investment products. For that, investors can expect to pay higher commissions for their trades. Brokers receive compensation from the brokerage firm based on their trading volume as well as for the sale of investment products. An increasing number of brokers offer fee-based investment products, such as managed investment accounts.

Real Estate Brokers

In the real estate industry, a broker is a licensed real estate professional who typically represents the seller of a property. A broker's duties when working for a seller may include:

- Determining the market values of properties.
- Listing and advertising the property for sale.
- Showing the property to prospective buyers.
- Advising clients about offers, provisions, and related matters.
- Submitting all offers to the seller for consideration.

It is not uncommon to have a real estate broker work for a buyer, in which case, the broker is responsible for:

- Locating all properties in the buyer's desired area sorted by price range and criteria.
- Preparing an initial offer and purchase agreement for a buyer who decides to make an offer for a property.
- Negotiating with the seller on behalf of the buyer.
- Managing inspections on the property and negotiating repairs.
- Assisting the buyer through to closing and taking possession of the property.

Broker Regulation

Brokers register with the Financial Industry Regulatory Authority (FINRA), the broker-dealers' self-regulatory body. In serving their clients, brokers are held to a standard of conduct based on the "suitability rule," which requires there be reasonable grounds for recommending a specific product or investment. The second part of the rule, commonly referred to as "know your customer," or KYC, addresses the steps a broker must use to identify their client and their savings goals, which helps them establish the reasonable grounds for the recommendation.

The broker must make a reasonable effort to obtain information on the customer's financial status, tax status, investment objectives, and other information used in making a recommendation.

This standard of conduct differs significantly from the standard applied to financial advisors registered with the Securities and Exchange Commission (SEC) as registered investment advisors (RIAs). Under the Investment Advisers Act of 1940, RIAs are held to a strict fiduciary standard to always act in the best interest of the client, while providing full disclosure of their fees.

Real estate brokers in the United States are licensed by each state, not by the federal government. Each state has its own laws defining the types of relationships that can exist between clients and brokers, and the duties of brokers to clients and members of the public

Qualifications of a Stock Broker

- Examination

A stockbroker must pass the Financial Industry Regulatory Authority's General Securities Representative Exam (FINRA). A person must be funded by a FINRA member firm or a Self-Regulatory Organization (SRO).

- Education

If a stockbroker wishes to work with an institutional client, he or she must have a bachelor's degree in the stream of finance or business administration. It is also preferable to have knowledge of accounting processes, financial forecasting, and planning, as well as relevant rules and regulations.

- Experience

A stockbroker can begin working for a brokerage business in any function, even as a college intern, and obtain on-the-job experience. To be a stockbroker, however, he or she must have a good awareness of accounting standards and financial market rules.

PPT Presentation

Financial System: It is a set of inter related activities or services working together to achieve some predetermined purpose or goal. It includes different markets, the institutions, instruments, services and mechanisms which influence the generation of savings, investment, capital formation and growth.

Indian financial system Definition According to Prof. S. B. Gupta financial system is a set of institutional arrangements through which financial surpluses available in the economy are mobilized.

FEATURES OF FINANCIAL SYSTEM:

1. It is a set of inter related activities or services
2. Services are working together to achieve predetermined goals.
3. The system allows transfer of money between savers and borrowers.
4. It is applicable at global, regional and firm level.
5. It includes financial institutions, markets, instruments, services, practices and transactions.
6. The main objective is to formulate capital, investment and profit generation.

OBJECTIVES OF FINANCIAL SYSTEM:

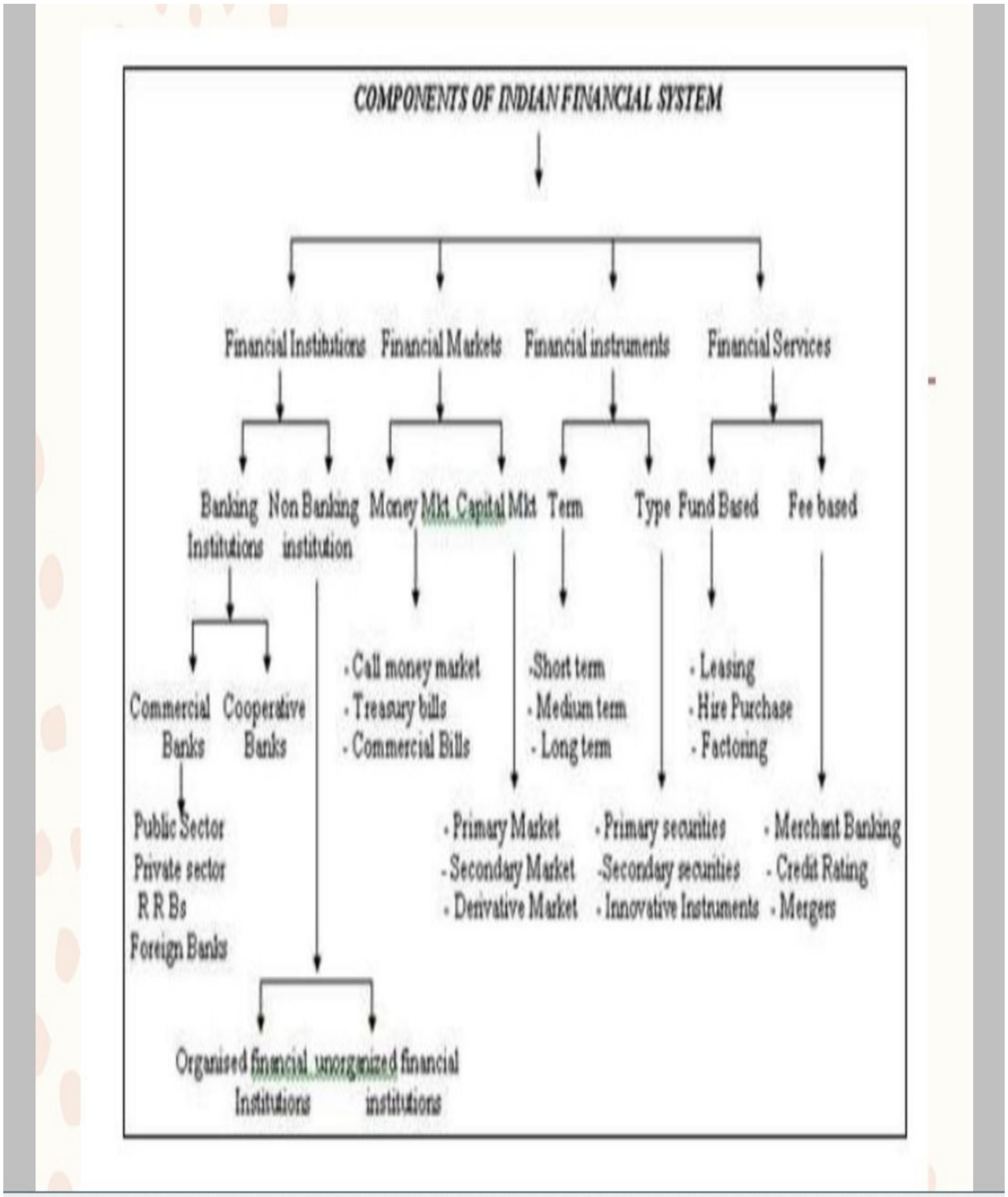
- To mobilize the savings: Transactions
- Savings into Industrial Investment: Capital Investment
- Helps in capital formation
- Helps in growth of economy

Functions

1. **Link between savers and investor**: It helps in utilizing savings from savers and channelizes it to productive investors
2. **Review the performance of market and products:** Helps in assessing the performance of market, institutions and instruments and take required actions.
3. **Provides payment mechanism**: It helps in exchange of goods and services by providing systematic payment mechanism
4. **Transfer of resource across borders**: Financial system helps in transfer of capital resources from one place to another.
5. **Managing and controlling risk:** Financial transaction involves risk. Efficient system helps us to control risk and increase the return.
6. **Lowering cost of transactions:** Formal mechanism reduces transaction cost there by increasing returns
7. **provides information Government:** central bank and various institution who are part of system provides various information to investors and dealers
8. **It promotes self-employment opportunities**

Role and Importance of Financial System:

- It links the savers and investors. It helps in mobilizing and allocating the savings efficiently and effectively.
- It plays a crucial role in economic development through saving investment process. This savings investment process is called capital formation.
- It helps to monitor corporate performance.
- It provides a mechanism for managing uncertainty and controlling risk.
- It provides a mechanism for the transfer of resources across geographical boundaries.
- It offers portfolio adjustment facilities(monetary policy that allows the banks to borrow money through repurchase agreements).(provided by financial markets and financial intermediaries).
- It helps in lowering the transaction costs and increase returns. This will motivate people to save more.
- It promotes the process of capital formation.


COMPONENTS OF INDIAN FINANCIAL SYSTEM
Financial Institutions
Financial Markets
Financial instruments
Financial Services
Banking Institutions
Non Banking institution
Money Mkt
Capital Mkt
Term
Type
Fund Based
Fee based
Commercial Banks
Cooperative Banks
- Call money market
- Treasury bills
- Commercial Bills
-Short term
- Medium term
- Long term
- Leasing
- Hire Purchase
- Factoring
Public Sector
Private sector
R R Bs
Foreign Banks
- Primary Market
- Secondary Market
- Derivative Market
- Primary securities
-Secondary securities
- Innovative Instruments
- Merchant Banking
- Credit Rating
- Mergers
Organised financial Institutions
unorganized financial institutions

Financial Markets: Financial market refers to institutional arrangement for dealing in financial assets and credit instruments of different types such as currency, cheques, shares debentures bills of exchange etc. It is a place or mechanism which facilitates the transfer of resources from one entity to another.

Features of financial market

1. Market involves large volume of transaction on daily basis.
2. There are various segments in financial market like stock market, forex market, money market etc.
3. Market in highly volatile in nature. Prices of instrument will change every day every minute. There is no stability in market.
4. Since market is highly volatile there is scope for speculation or making quick profit.
5. Market is dominated by intermediaries and private dealers.
6. Indian financial market is well integrated/ connected with world market

Function of financial markets

1. It facilitates price discovery for various instrument of companies and other financial institutions it helps the company to know the value of asset.
2. Facilitate creation and allocation of credit.
3. It provides liquidity for asset helps in conversion of asset into cash and vice versa.
4. To provide platform for sellers and buyers of fund to meet for exchange process.
5. Serves as intermediaries for mobilizing savings.
6. Assist process of economic growth.
7. Caters financial needs or provides long term fund for the company.

Organized Financial Market consists of :

1. Capital market
2. Money market

Capital Market: capital market refers to institutional arrangement for facilitating the borrowing and lending of long term funds. It includes shares debentures bonds and securities

Importance/ Role/significance of Capital Markets

1. It helps in Productive use of economy's savings.
2. It Provides incentives for saving.
3. It Facilitates capital formation.
4. Increases production and productivity.
5. It also helps in Stabilizes value of securities

Functions of capital market

1. Credit function-To provide long term permanent capital for the company by mobilization of savings from investors to companies and entrepreneurs.
2. Liquidity function- market provides and exchange mechanism for buyers and seller of securities there by allows better liquidity (conversion of asset to cash).
3. Transfer function- it helps in transfer of resources / assets from one place to another and helps in securing foreign capital

Capital market organized in three categories:

Primary or New issue: Market Primary market is the place where securities which are issued to the public for first time. Companies raise capital through issue of instruments through primary market. New companies and existing companies raise capital through primary market.

Features:

- Securities are issued by the company directly to the investors.
- Company raise fund for their formation and expansion through primary market.
- There is no any fixed location for primary market. Institutions which deals with issue of shares forms market.
- It deals with shares and debentures.

Functions of Primary Market

1. Origination- primary market facilitates all activities for origination of shares.
2. It provides Guarantee for issue through underwriting.
3. It facilitates distribution of shares to geographically dispersed investors.

4. Aids in expansion/diversification/modernization of existing units.

5. To provides working avenues for major players of primary market like merchant bankers, underwriting, brokers, advertisement agencies etc.

Methods of issue in primary market

1. Public through prospectus: Under this method, issuing company directly offers to the general public/ institutions a fixed number of shares at a stated price through a document called prospectus.
2. Rights issue: under this method shares are offered to existing share holders.
3. Bonus shares: share given to shareholders out of accumulated profit as a substitute for dividend.
4. Private Placements: It is a way of selling securities privately to a small group of investors. shares are offered to few group of customers under reservation method

Secondary market: It is a market for secondary sale of securities, such shares quoted in the stock exchange market. It provides continuous and regular market for buying and selling. It is also called as stock market.

Features

1. Market for securities: where securities of corporate bodies, government and semi-government bodies are bought and sold.
2. Deals in second hand securities : It deals with shares, debentures bonds and such securities already issued by the companies.
3. Regulates trade in securities: It regulates the trade activities so as to ensure free and fair trade.
4. Specific location : dealings happens in Stock exchange on the floor of market Continuous and ready market for securities.
5. It provides ready outlet for buying and selling of securities.

Functions of Secondary market:

1. Liquidity of securities as securities can be converted into cash readily
2. Marketability of securities as it facilitates buying and selling of securities.
3. Safety of funds belonging to investors.
4. Provides long term funds.
5. Flow of funds to profitable projects.
6. Motivation for improved performance by companies to get competitive edge.
7. Promotion of investment opportunities.
8. Reflection of business cycle.
9. Promotes marketing of new issues by companies.

Derivative Market: The term 'Derivative' stands for a contract whose price is derived from or is dependent upon an underlying asset. The underlying asset could be a financial asset such as currency, stock and market index, an interest bearing security or a physical commodity.

MONEY MARKET: It is a market for dealing financial assets and securities which have a maturity period of up to one year. It is a market for short term funds.

Importance of Money Market

1. It helps in development of Trade and Industry.
2. It support development of Capital market.
3. Enables smooth functioning of commercial banks.
4. Effective functioning of central bank.
5. Formulation of suitable Monetary policy.
6. Non inflammatory source of Finance to government.

Money market instruments

1) Call money Market: money at call and short notice-it is a market for extremely short period of time like one day to fourteen days.

Features

1. Issued for short period from 1 day to 14 days.
2. It is highly liquid.
3. Interest rates vary from day to day and even hour to hour according to demand and supply.
4. Its used for adjusting cash reserve and day to day transactions.
5. Call money is repayable on demand at the option of either the lender or the borrower.

2) Commercial Bills Market: is a market for bills of exchange arising out of trade transaction bills of exchange is short term negotiable instrument between debtor and creditor the creditor can discount the bill of exchange to commercial bank before the due date and can avail 90 to 95 percentage of money.

3)Treasury bill Market: Types It is a market for Treasury bill. Treasury bills or T bills are kind of finance bills which are in the nature of promissory note issued by the government under discount for fixed period not exceeding 1 year containing a promise to pay the amount stated on the instrument.

Features

1. It has short term maturity..
2. It is a promissory note or a finance bill issued by Government.
3. It is highly liquid as its repayment is guaranteed.
4. It is issued in maturity period of 91 days,182 days and 364 days

Ordinary treasury bills-are issued to public, commercial banks and other financial institutions for raising short term fund for government

Ad hoc treasury bills-are issued in favour of RBI

4)Commercial papers: It is unsecured promissory notes which are issued by well reputed companies with minimum face value of 5 lakhs. Short-term unsecured promissory notes issued by companies.

Features

1. It is promissory note issued by a company.
2. Buyers are banks, insurance companies, and other firms.
3. Minimum face value of cp is 5 lakhs.
4. It is used for seasonal requirement and working capital management.

5) Certificate deposits: a certificate issued by a bank to a person depositing money for a specified length of time at a specified rate of interest.

Features

1. It is short term borrowings by banks.
2. Rate for interest is higher than normal fixed deposits.
3. It is transferable from one person to another before maturity

FINANCIAL ASSETS

Financial assets are also called as Financial Instruments/securities. Financial assets are the intangible assets which receive value due to contractual transactions.

Features:

- Liquidity, for the quick conversion into cash.
- Collateral value for pledging of instruments for obtaining loan.
- Price fluctuations of security.
- Tax status
- Transferability, allows easy transfer of instruments.

FINANCIAL SERVICES

- Financial services are services offered by financial institutions like banks, credit card companies, insurance companies, stock brokerage companies etc.

Classification of Financial Services

- Fund Based Services: Fund based or asset based financial services are those services which are rendered for commission basis or for a certain amount of interest.
- Leasing: A lease transaction is a commercial arrangement whereby an equipment owner or Manufacturer conveys to the equipment user the right to use the equipment in return for a rental.

In other words, lease is a contract between the owner of an asset (the lessor) and its user (the lessee) for the right to use the asset during a specified period in return for a mutually agreed periodic payment (the lease rentals).

- Factoring: Factoring is a financial transaction whereby a business sells its accounts receivable (i.e., invoices) to a third party (called a factor) at a discount.

- Bills discounting: Trading or selling bills to financial institution prior to its maturity period for discount rate is called discounting bill of exchange. The rate of discount depends on the time left before the bill mature and risk attached to it.
- Venture capital: Venture capital is a way of financing by investor to companies for its start up and to promote project. Investor joins entrepreneurs as co-promoter and share risk and returns.
- Loan: Loan is a oral or written agreement between lender and borrower for temporary transfer of property(cash) from lender to borrower where borrower promises to return the same property or cash along with predetermined interest as per the agreement.
- Housing finance: Housing finance is a finance facility provided by financial institutions company on acquisition or construction of houses, which includes acquisition or development of land in connection there with.
- Hire purchase: hire purchase system is a method of selling goods on credit where purchaser is allowed to purchase goods and allowed him to pay the amount in installment basis and the title of the goods transferred from seller to buyer at the end of final installment.

Question Bank

1. Physical assets are mostly useful for consumption.
2. The market for new issues is called as primary market .
3. Loan against the security of immovable property is called mortgage loan.
4. Primary market is knows as New IssueMarket.
5. Private placement is the way of selling security privately to a small group of investors.
6. Bombay Stock Exchange is the principal stock exchange in India which sets the tone of the other stock markets.
7. Government Securities Market is also called Gilt –Edged Securities market.
8. Cash Assets consist of coins and rupee notes.
9. Capital market deals with Long term Securities.
10. Government securities are issued in denomination of Rs.100 only.
11. A promissory note issued by the government is called Treasury bill.
12. In India RBI is the leader of financial system.
13. The financial system facilities the transformation of savings into investment and consumption.
14. Financial market refers to those centres and arrangements which facilities buying and selling of financial asset.
15. In organised markets there are standardised rules and regulations for governing the financial dealings.
16. A guarantee market is a centre where finance is provided against the guarantee of reputed persons.
17. Treasury bills have Short-term maturity.
18. Commercial bills market is a market for bills of exchange arising out of genuine trade transaction.

19. The term foreign exchange refers to the process of converting home currencies into foreign currencies.

20. Share is a financial asset.

1. The market for extremely short period loans is calledas call money market.
2. Supply bills are drawn by constructors on the government departments for the goods supplied to them.
3. The bills which does not require any acceptance is called Treasury bill.
4. Money market supplies funds for financing working capital requirements of industries.
5. The major player in the Indian money market is commercial banks.
6. Capital market is a market for long term funds exceeding a period of one year.
7. The commercial banks are the nerve centre of the whole money market,
8. The central bank is the leader, guide and controller of the money market.
9. London money market is highly developed money market.
10. Expand CRR : **Cash Reserve Ratio**
11. Expand SCR : **Statutory Liquidity Ratio**
12. A developed money market helps the Governmentto raise short term funds through the treasury bills floated in the market.
13. The markets where short term genuine trade bills are discounted by financial intermediaries are called Discount market.
14. Acceptance market refers to the market where short term genuine trade bills are accepted by financial intermediaries.
15. Treasury bills are issued only by the RBI on behalf of government.
16. Repo stands for Repurchase.
17. Certificate of deposit is a money market instrument.
18. In money market transactions are conducted without the help of brokers.
19. Bills accompanied by document of title to goods are called documentary bills.
20. Bill market scheme was introduced by the reserve bank of India in the year 1952.

1. New issue market deals with new securities.
2. Public issues involve no intermediaries.
3. Rights shares are offered tothe existingshareholders.
4. Placement is the suitable method where small companies issue shares.
5. Underwriting is a guarantee for marketability of shares.
6. The main function of new issue market is to facilitate transfer of resources from savers to the users.
7. Origination refers to the work of investigation, analysis and processing of new project proposals.
8. Public issue is the most common method followed by joint stock companies to raise capital through the issue of securities.
9. The industrial securities market in India consists of new issue market and stock exchange.
10. Placement method of new issue is suitable to first generation entrepreneurs who are less known to the public.
11. Expand IPO: **Initial Public Offer**.
12. Zero interest bonds are converted into equity shares on the expiry of a fixed period.
13. A statement and preliminary prospectus is known as Red herring.
14. The main function of new issue market is transfer of resources from savers to the users.
15. Distribution is the function of sale of securities to ultimate investors.

1. Listing is a process of admitting securities for trading on a recognised stock exchange.
2. The numbers of shares which are less the market lot are called oddlots.
3. Jobber is a professional independent broker who deals in securities on his own behalf.
4. The facility to carry forward a transaction from one settlement to another is known as Badla transaction.

5. The device adopted to make profit out of the difference in prices of security in two different markets is called Arbitrage.

6. An authorised clerk is a person appointed by a stock broker to assist him in the business of securities trading.

7. An order for the purchase of securities at a fixed price is known as limit order.

8. A broker is a commission agent who transacts business in securities on behalf of his clients.

9. Stock exchanges mobilise the savings of the public and promote investment through capital formation.

10. The first organised stock exchange in India was started in Bombay in the year 1875.

11. Expand BSE - **Bombay Stock Exchange**

12. Expand NSE – **National Stock Exchange**.

13. Expand OTCEI – **Over the Counter Exchange of India**

14. The process of converting the organisational structure of the Stock Exchange from a non-corporate structure to a corporate structure is called corporatisation of stock exchange.

15. Expand SBTS – **Screen Based Trading System**.

16. The common and popular name of NSE index is CNX index.

17. The performance of a company is reflected on the prices quoted in the stock markets.

18. Grey market is a market for dealing in unlisted securities.

19. Non- members are not permitted to enter into the stock markets.

20. A contract note is a written agreement between the broker and his client for the transactions executed in the stock market.

1. SEBI has powers to grant approval to bye-laws of stock exchanges.
2. Investor protection is the major responsibility of SEBI.
3. Expand CCI :**Controller of Capital Issue**
4. Expand SEBI: **Securities and Exchange Board of India**

5. Expand FII: **Foreign Institutional investors**.
6. An Investor Grievance cell is setup by SEBI to handle investor complaints.
7. Stock invest was designed by SEBI in consultation with RBI and banks as an additional facility for making applications for new issues.
8. Buyback is a method of cancellation of share capital.
9. Securities and Exchange Board of India was setup in the year 1988.
10. The actives of SEBI are financed by grants from Government.