

CHAPTER 2

Indian

Financial System

- CA Mayank Kothari

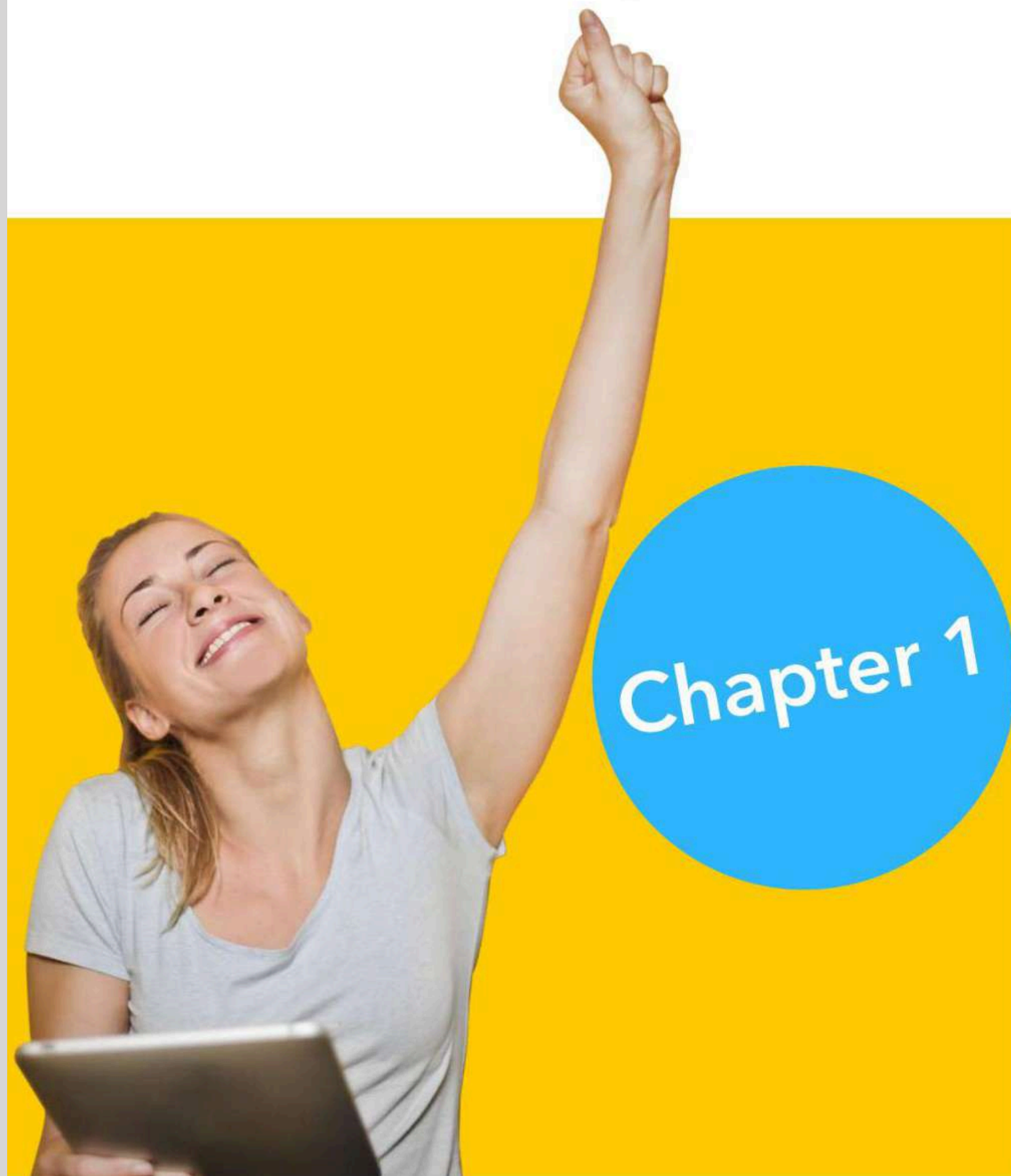
अध्याय 2 भारतीय

वित्तीय प्रणाली

- सी.ए. मयंक कोठारी

Financial Policy & Corporate Strategy

- CA Mayank Kothari



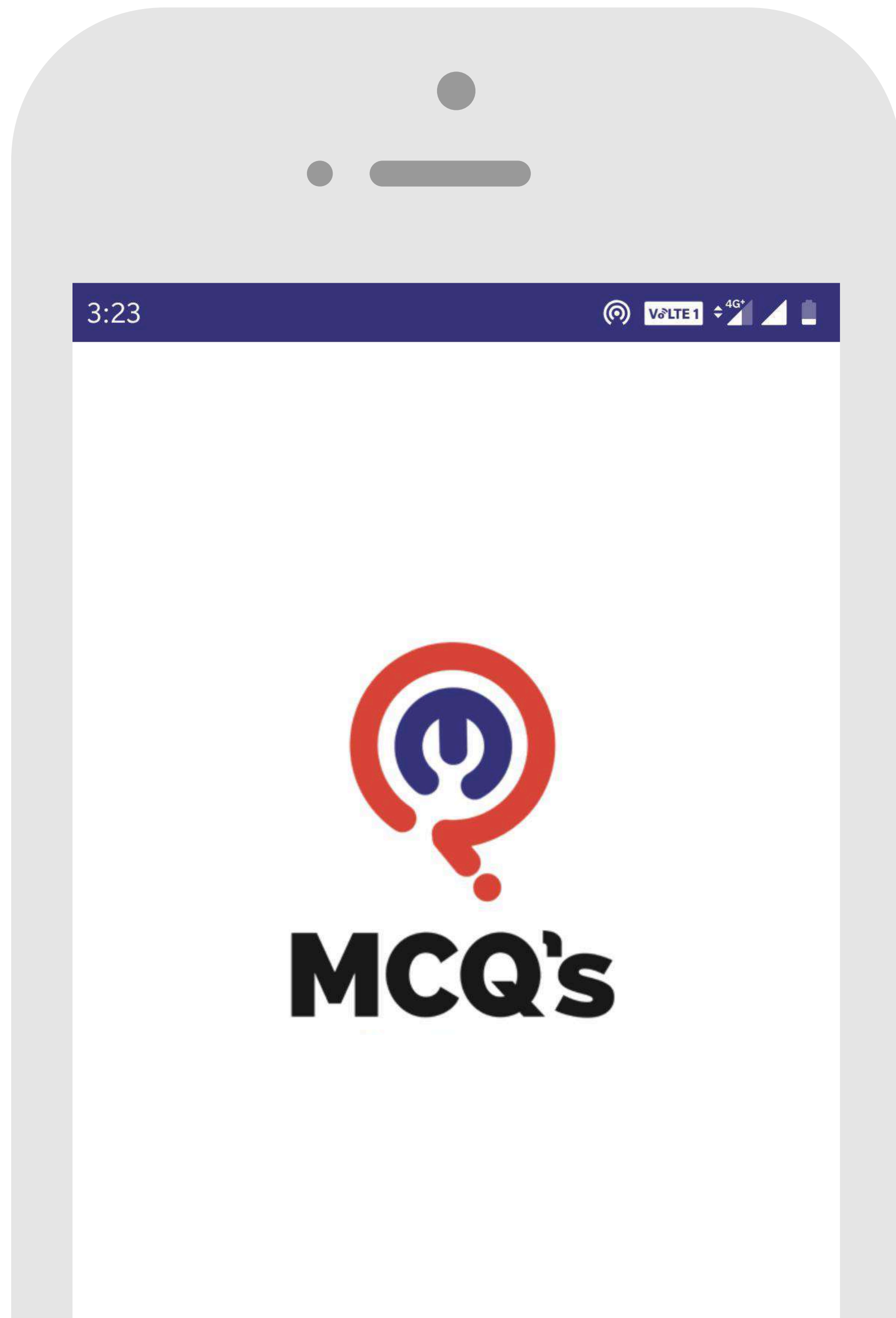
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Chapter 1

Financial Policy & Corporate Strategy



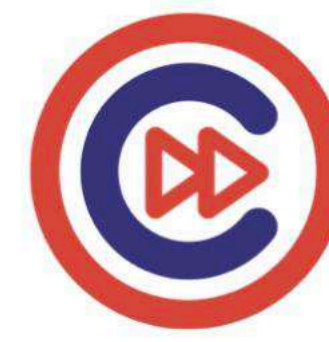
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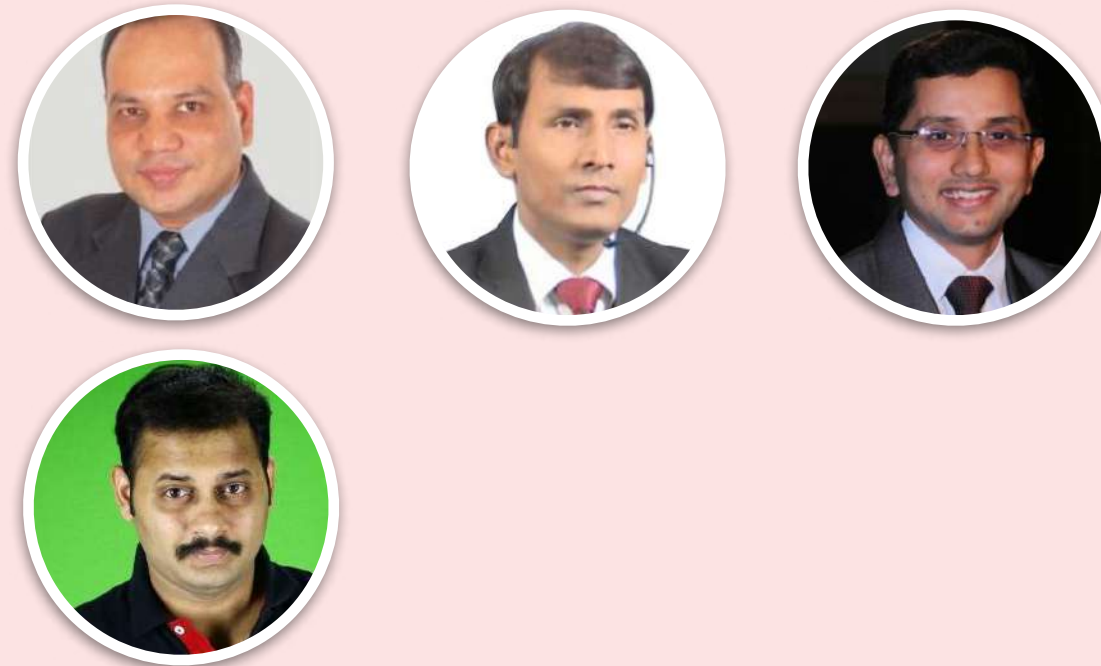
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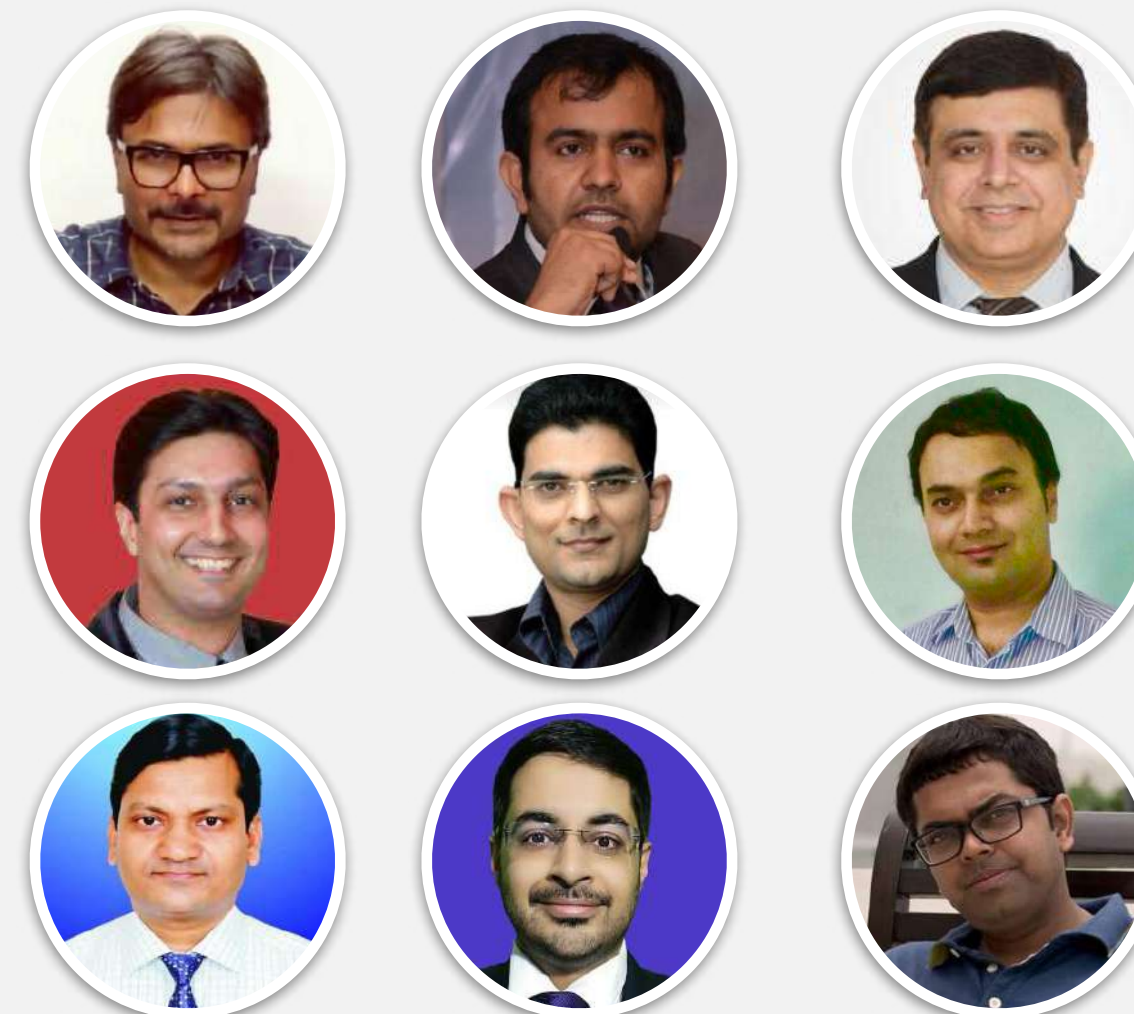
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INTRODUCTION

A system that allows the exchange of funds between lenders, investors, and borrowers.



INTRODUCTION

It operates at the national, global, and firm-specific levels.



INTRODUCTION

They consist of complex, closely related services, markets, and institutions intended to provide an efficient and regular linkage between investors and depositors

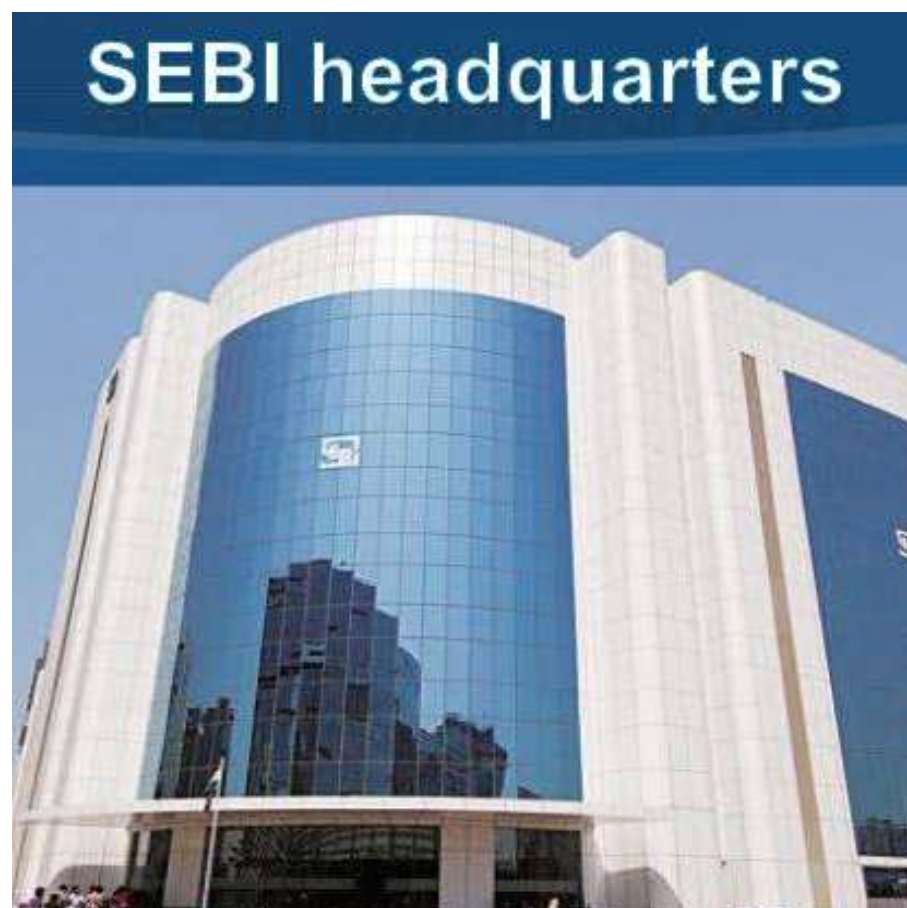
NSE



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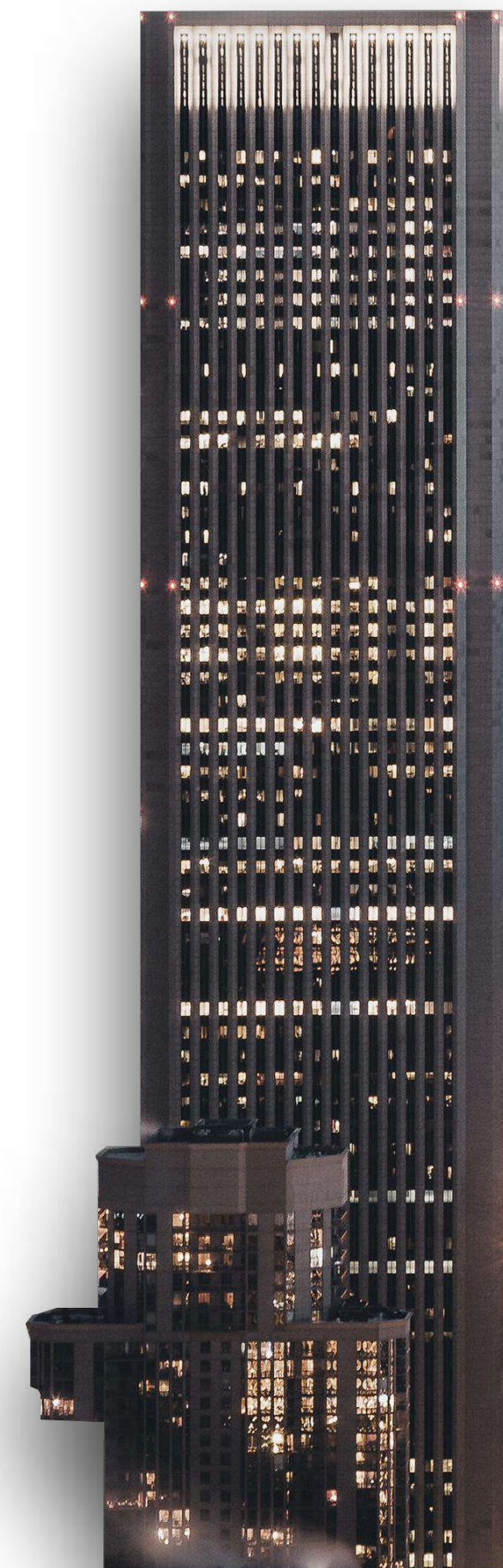
SEBI headquarters



SEBI



RBI



INTRODUCTION

Enable
individuals &
companies to
share the
associated
risks



01

A system that allows the exchange of funds between lenders, investors, and borrowers.

02

It operates at the national, global, and firm-specific levels.

03

They consist of complex, closely related services, markets, and institutions intended to provide an efficient and regular linkage between investors and depositors

04

Enable individuals & companies to share the associated risks



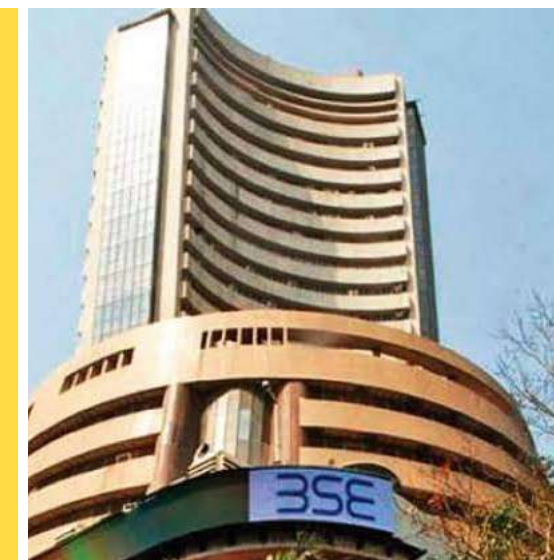
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BSE



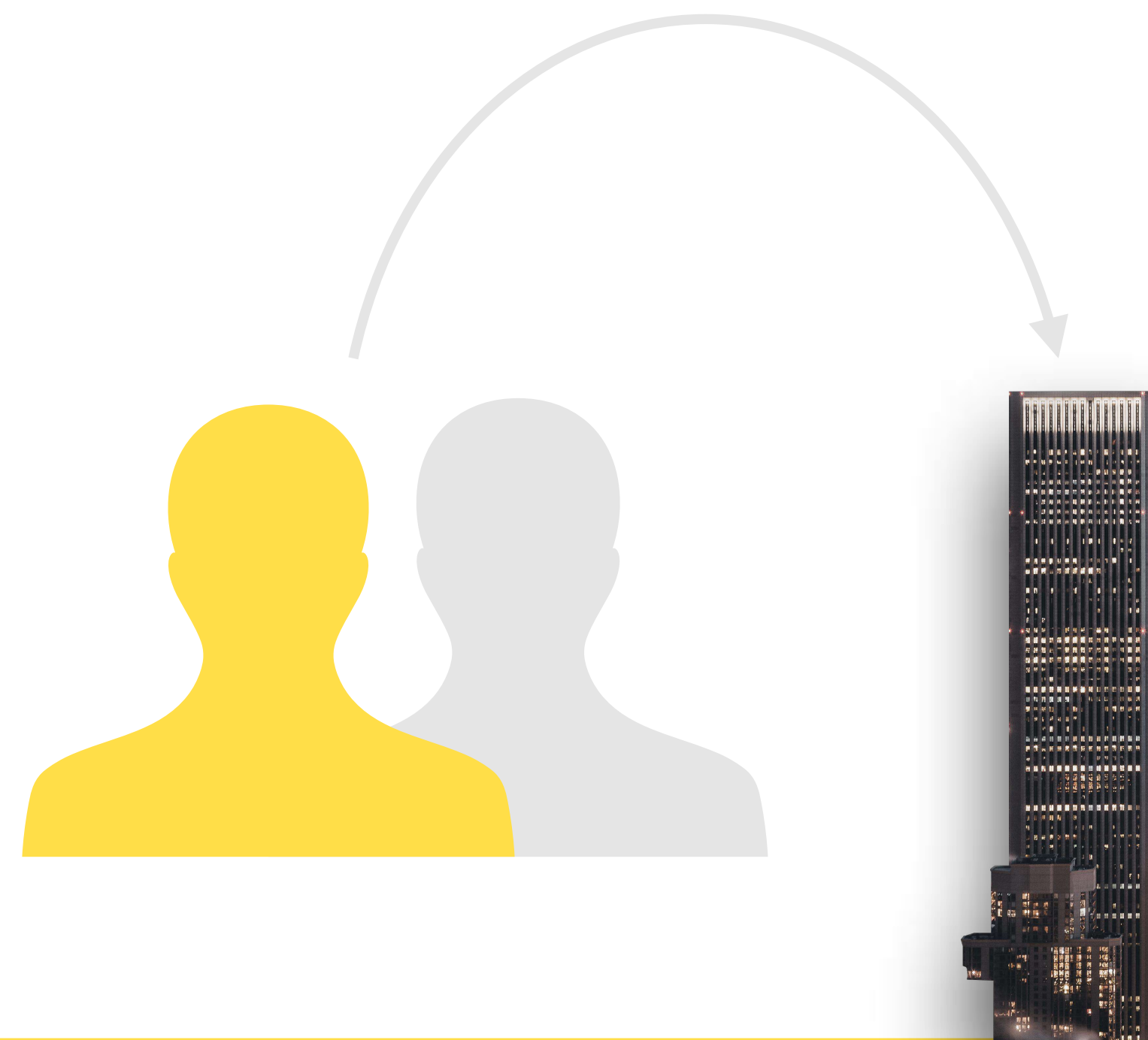
SEBI headquarters



SEBI

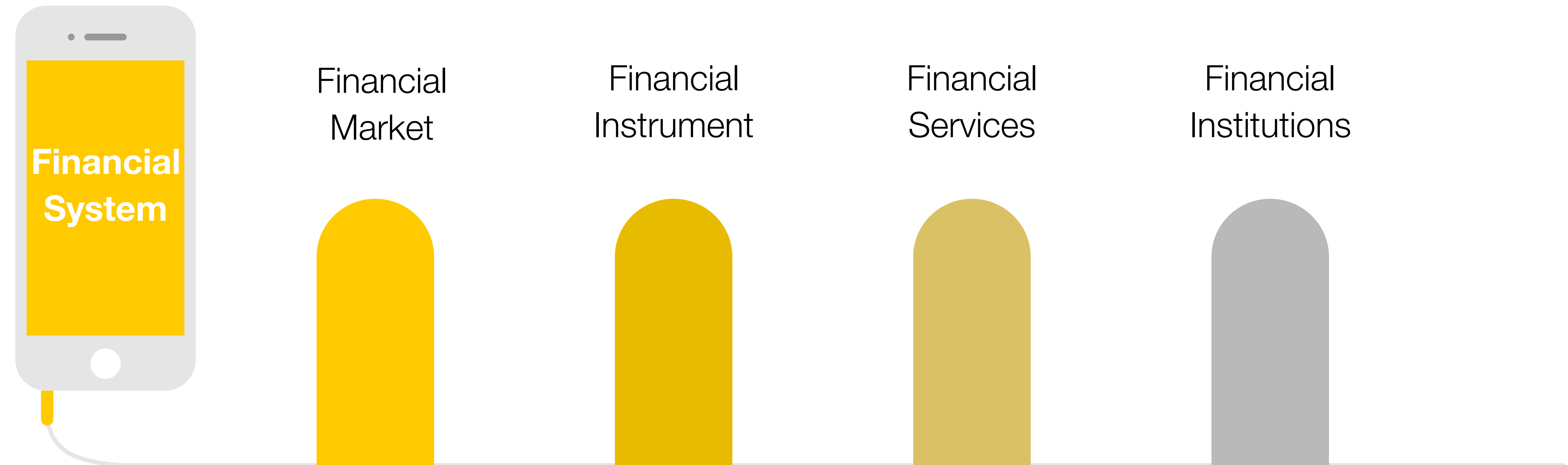


RBI

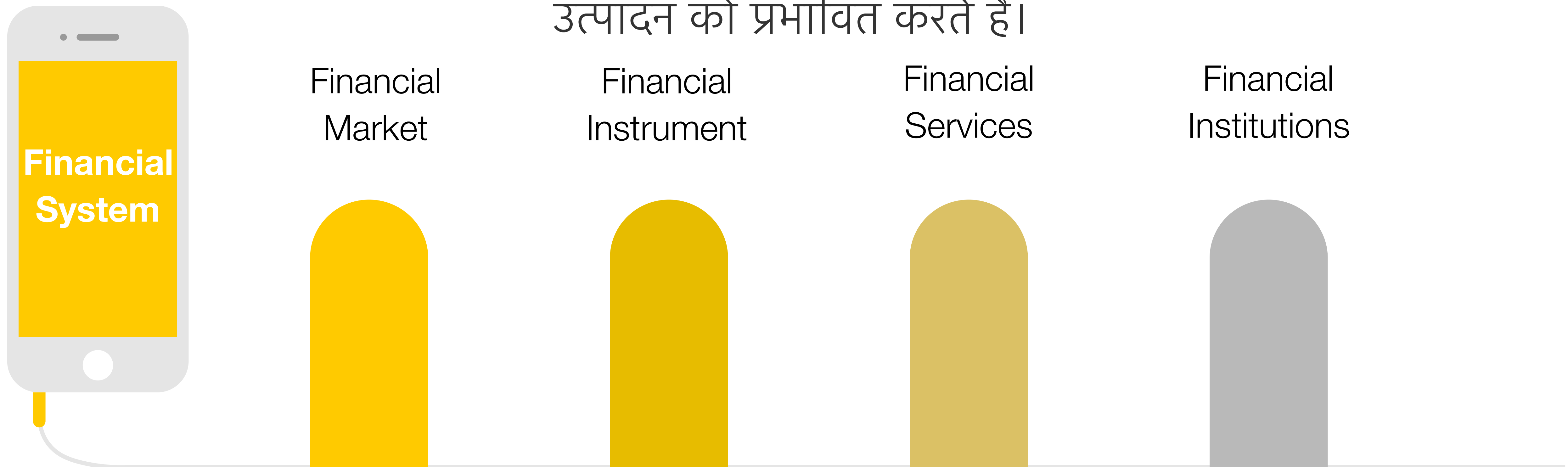


Definition 1

Financial system is a system of interrelated activities that work together to achieve a predetermined goal. It includes financial market, financial institutions, financial services and financial instrument which influence the generation of savings, investment, capital formation and growth.



वित्तीय प्रणाली एक दूसरे से संबंधित गतिविधियों की एक प्रणाली है जो पूर्व निर्धारित लक्ष्य प्राप्त करने के लिए मिलकर काम करती है। इसमें वित्तीय बाजार, वित्तीय संस्थान, वित्तीय सेवाएं और वित्तीय साधन शामिल हैं जो बचत, निवेश, पूंजी निर्माण और विकास के उत्पादन को प्रभावित करते हैं।



It may be said that the primary function of the financial system is the

- 1. mobilization of savings,**
- 2. their effective utilization for investment in various sectors of the economy and**
- 3. stimulating capital formation to accelerate the process of economic growth.**

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SIGNIFICANCE OF FINANCIAL SYSTEM

**Leads to
Savings**





Conferenza

SIGNIFICANCE OF FINANCIAL SYSTEM

**That meets the
funds
requirements
of business
organisations
through
financial
market**





Conferenza

SIGNIFICANCE OF FINANCIAL SYSTEM

Enables investment by business organisation to commence production of goods & services

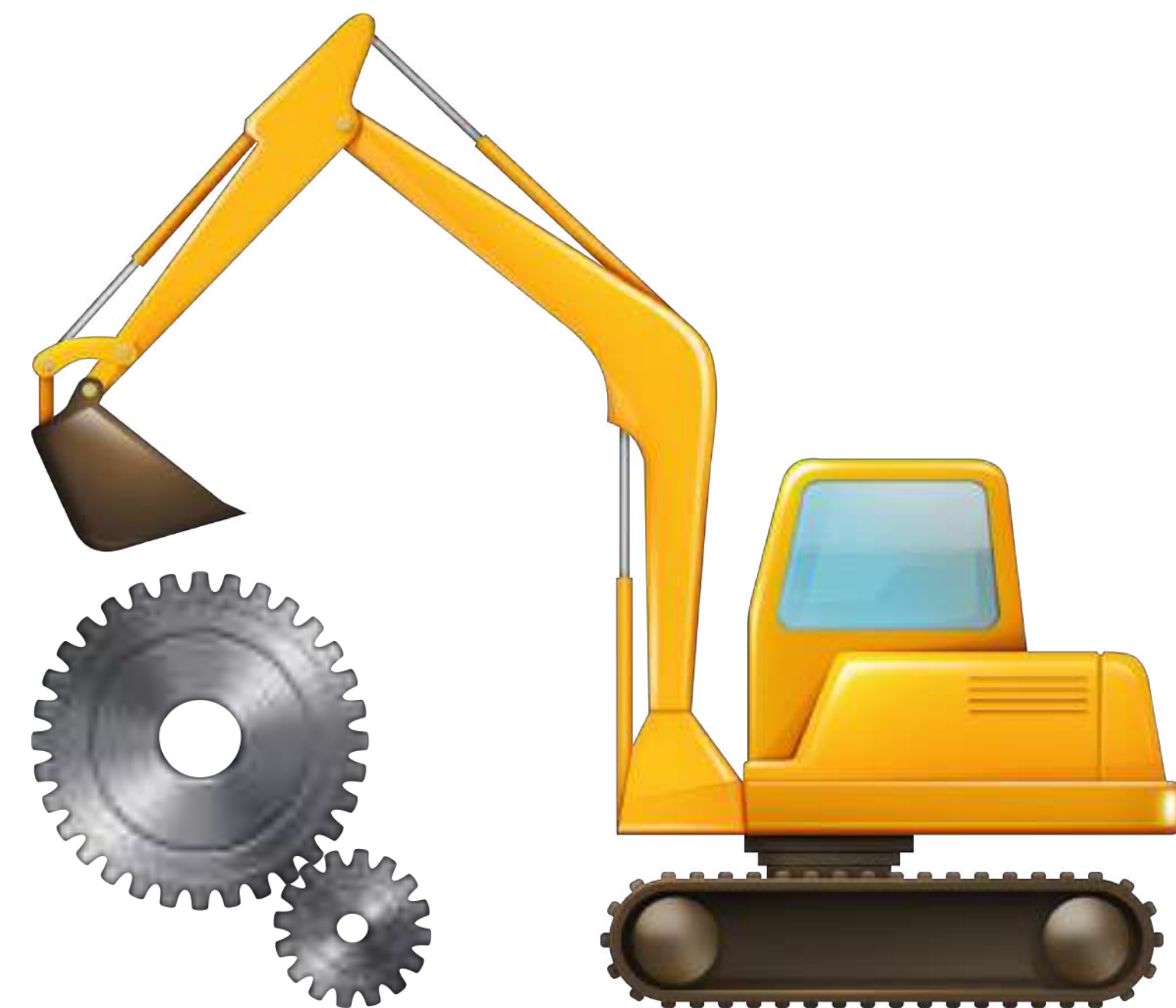
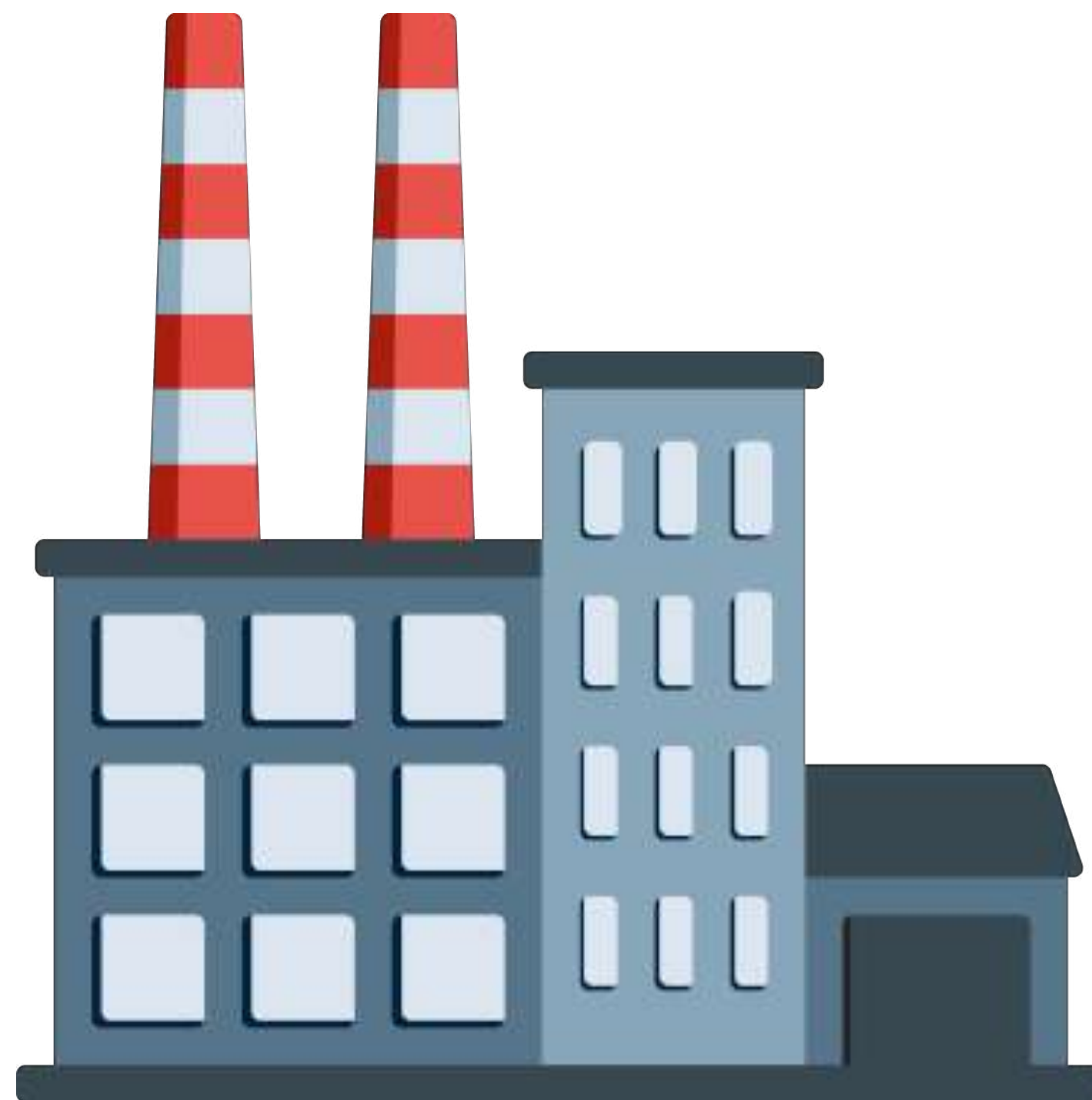




Conferenza

SIGNIFICANCE OF FINANCIAL SYSTEM

**Leads to
Capital
Formation**

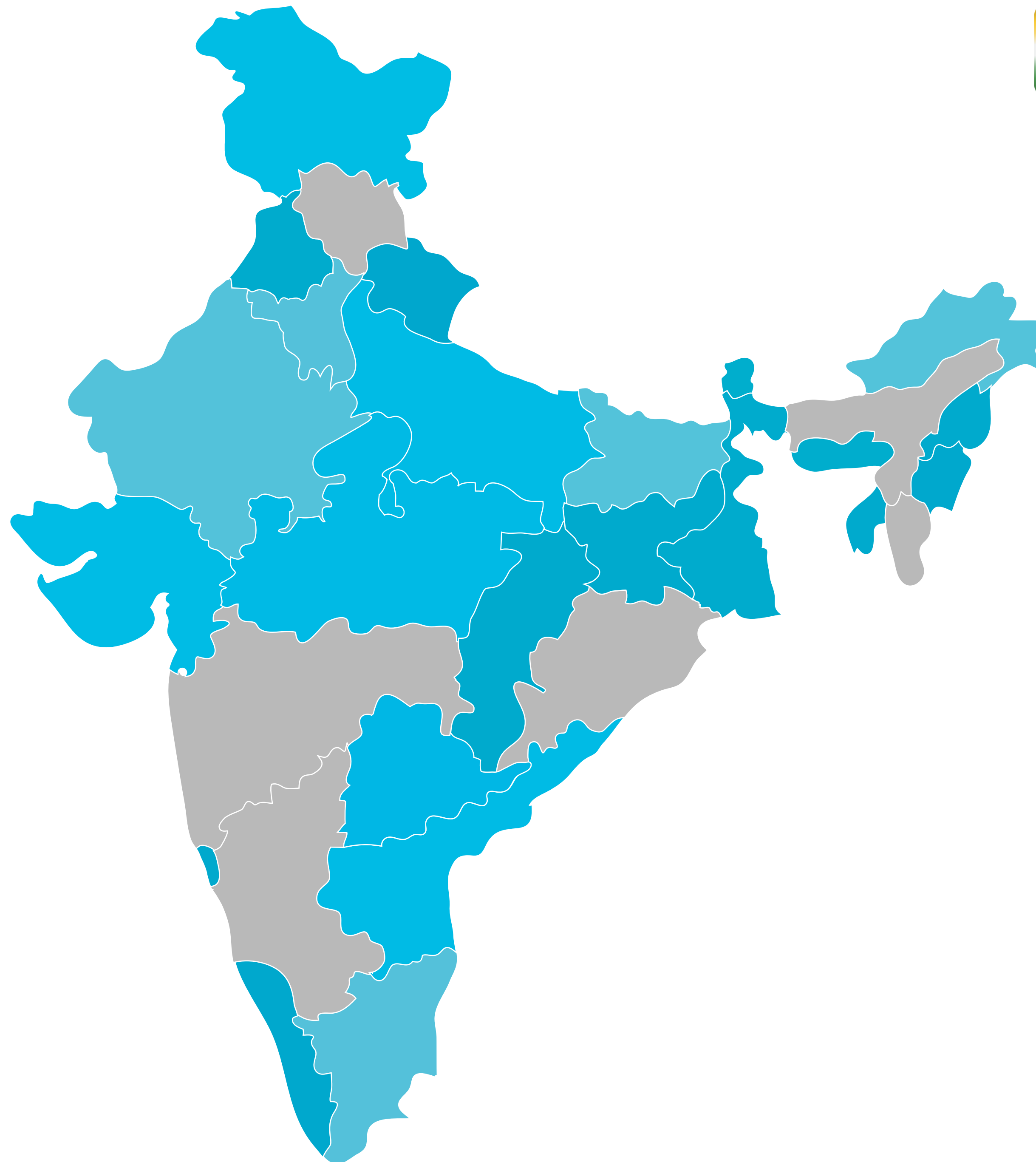




Conferenza

SIGNIFICANCE OF FINANCIAL SYSTEM

**That ultimately
bring
economic
growth**





SIGNIFICANCE OF FINANCIAL SYSTEM



**Leads to
Savings**

**That meets the
funds
requirements of
business
organisations
through
financial market**

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FUNCTIONS OF FINANCIAL SYSTEM

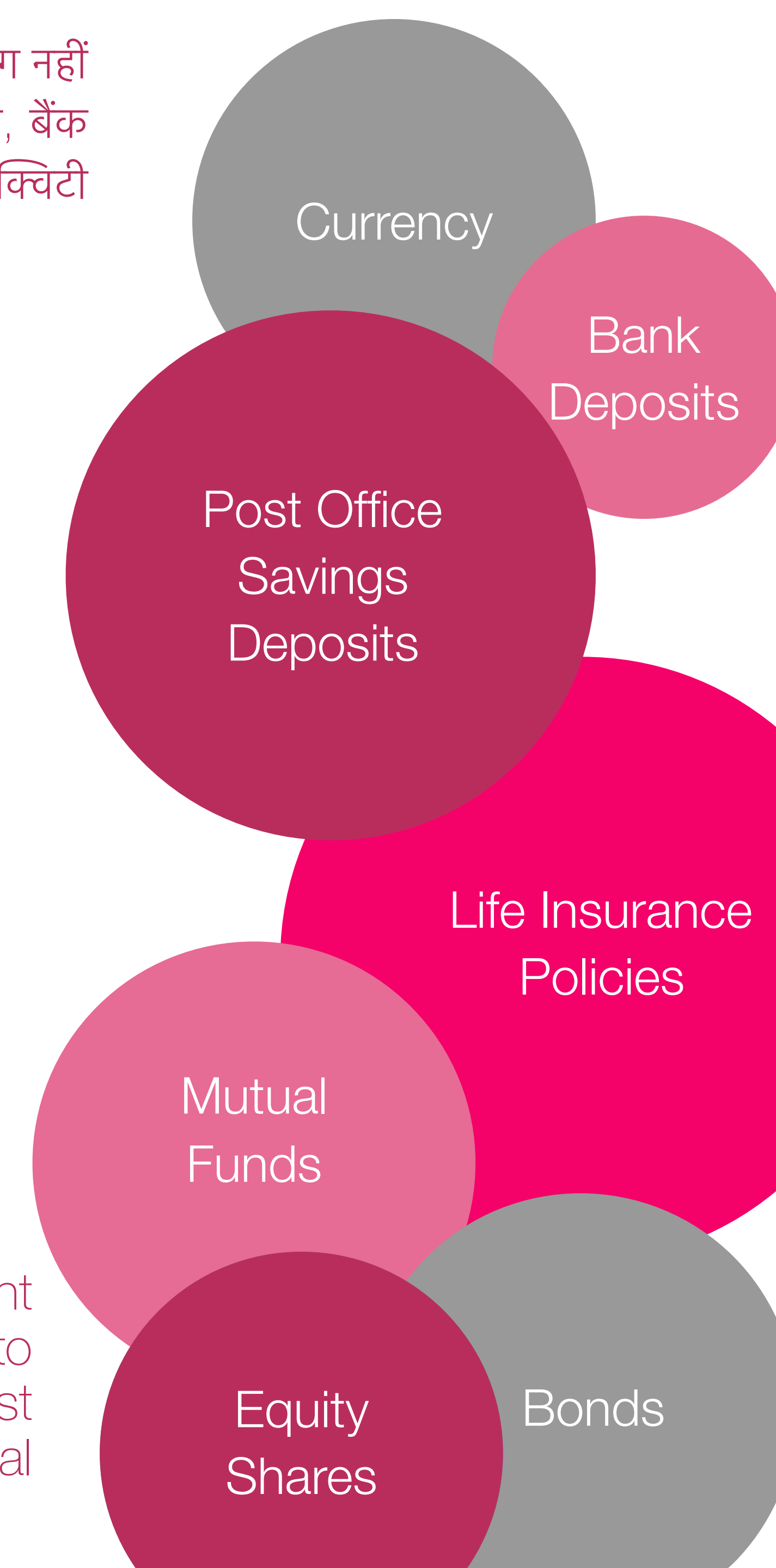
Mobilization of Savings

1

बचत लाखों लोगों द्वारा की जाती है। लेकिन बचाई गई राशि का कोई उपयोग नहीं होता है जब तक कि वे वित्तीय परिसंपत्तियों में जमा नहीं होते चाहे वह मुद्रा, बैंक जमा, डाकघर बचत जमा, जीवन बीमा पॉलिसी, म्यूचुअल फंड, बॉन्ड या इक्विटी शेयर ही क्यों ना हो।



Savings are done by millions of people. But amount saved are of no use unless they are mobilized into financial assets, whether currency, bank deposits, post office savings deposits, life insurance policies, mutual funds, bonds or equity shares



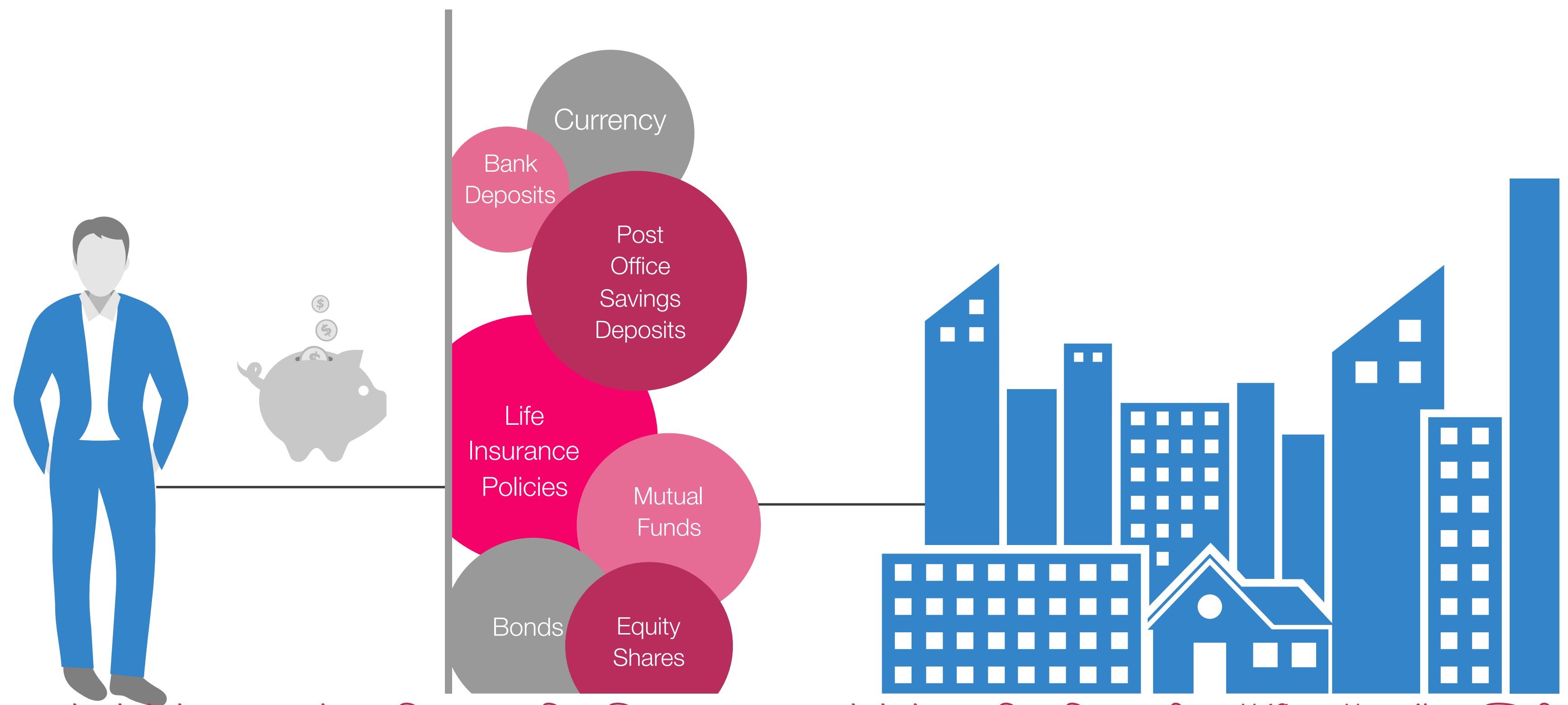


FUNCTIONS OF FINANCIAL SYSTEM

Allocation of savings

2

Amount of savings mobilized through millions of people will then be allocated among the needy sectors. Direct lending by the general public has been made possible through corporate bonds and equities. Besides, there are banks, insurance companies, and other financial institutions. They serve as financial intermediaries between the ultimate lender and ultimate borrower.



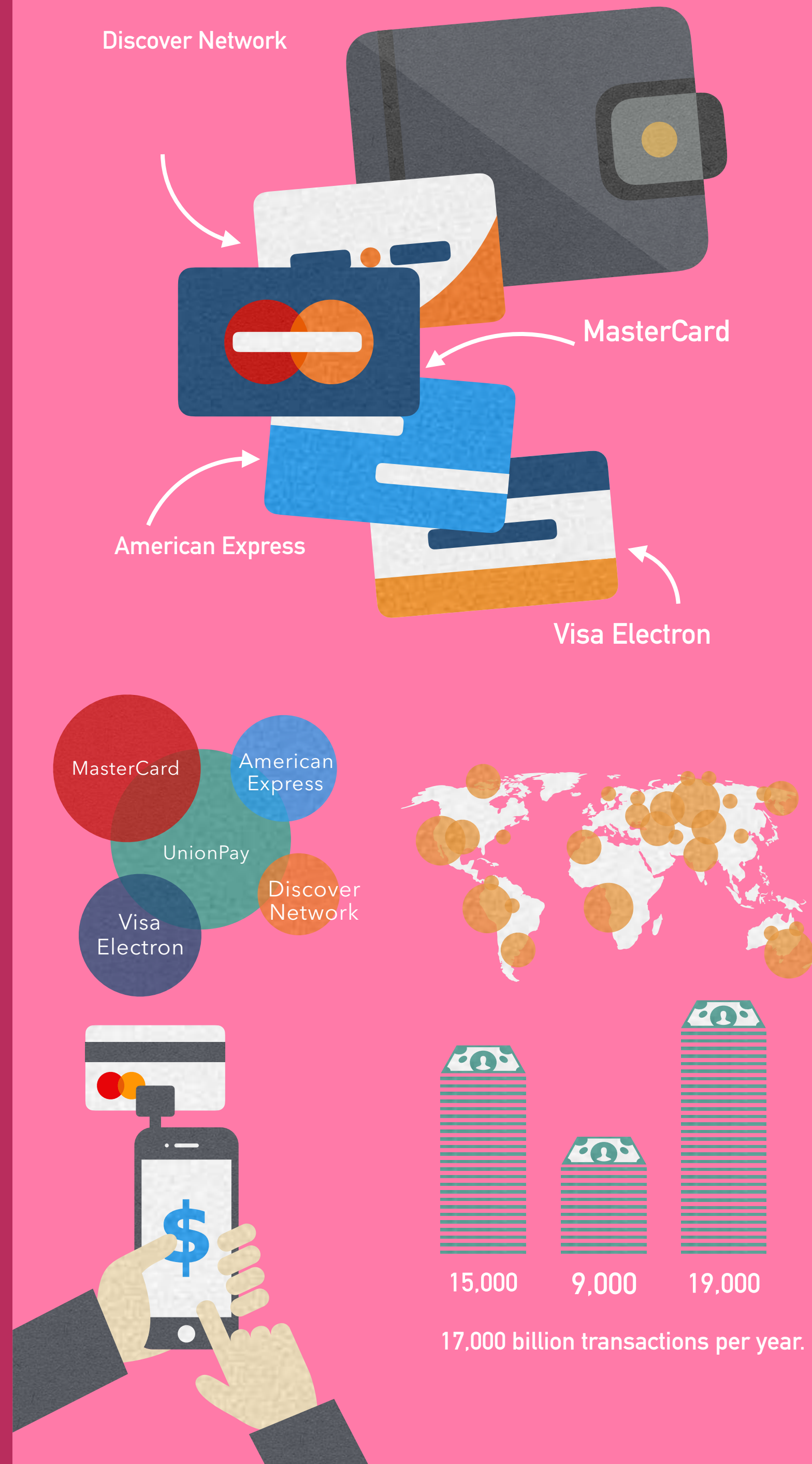
लाखों लोगों के माध्यम से एकत्रित बचत की राशि तब जरूरतमंद क्षेत्रों में आवंटित की जाएगी। कॉर्पोरेट बॉन्ड और इक्विटी के माध्यम से आम जनता द्वारा प्रत्यक्ष ऋण संभव बनाया गया है। इसके अलावा, बैंक, बीमा कंपनियां और अन्य वित्तीय संस्थान हैं। वे अंतिम ऋणदाता और अंतिम उधारकर्ता के बीच वित्तीय मध्यस्थों के रूप में कार्य करते हैं।



FUNCTIONS OF FINANCIAL SYSTEM

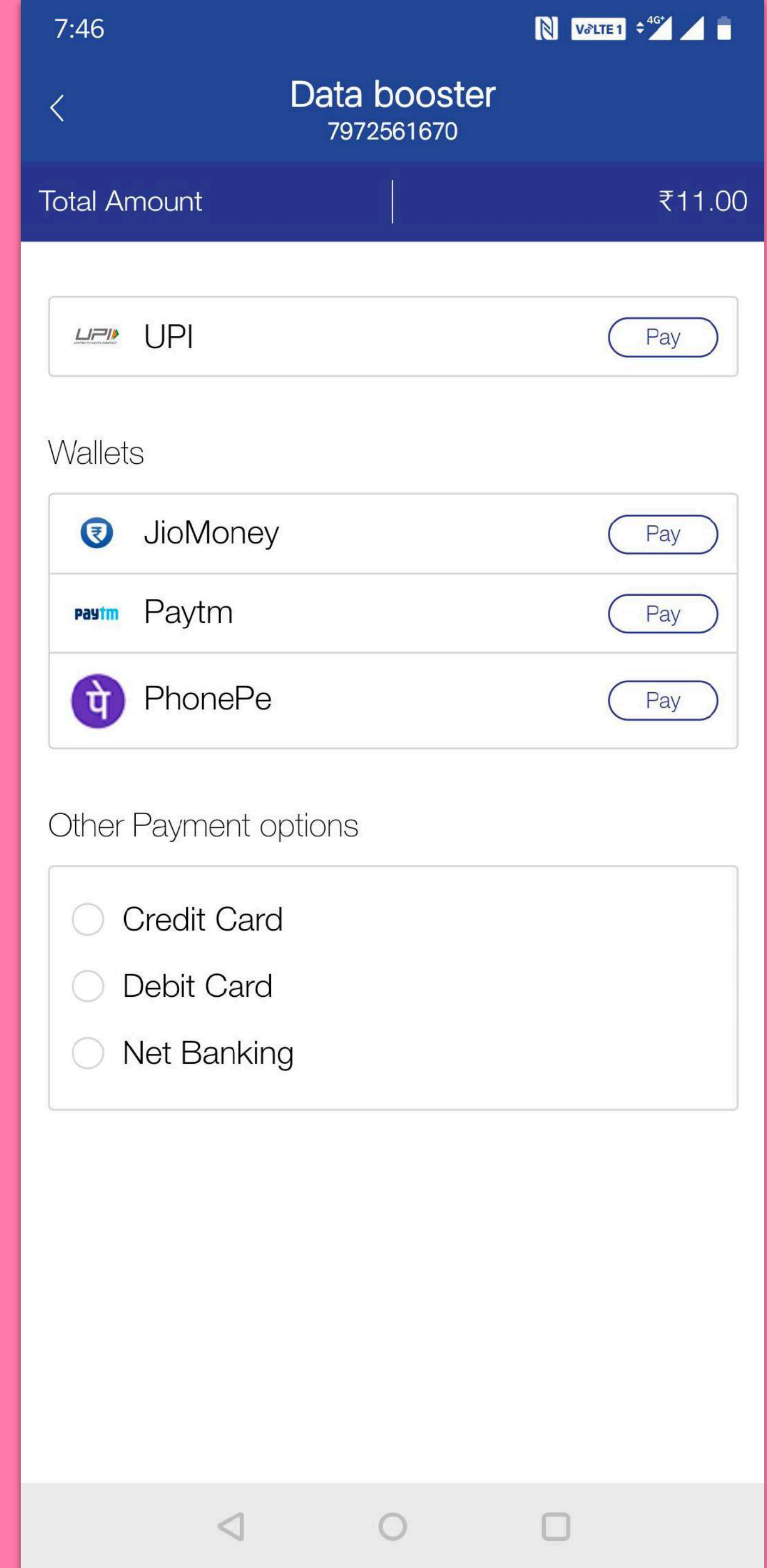
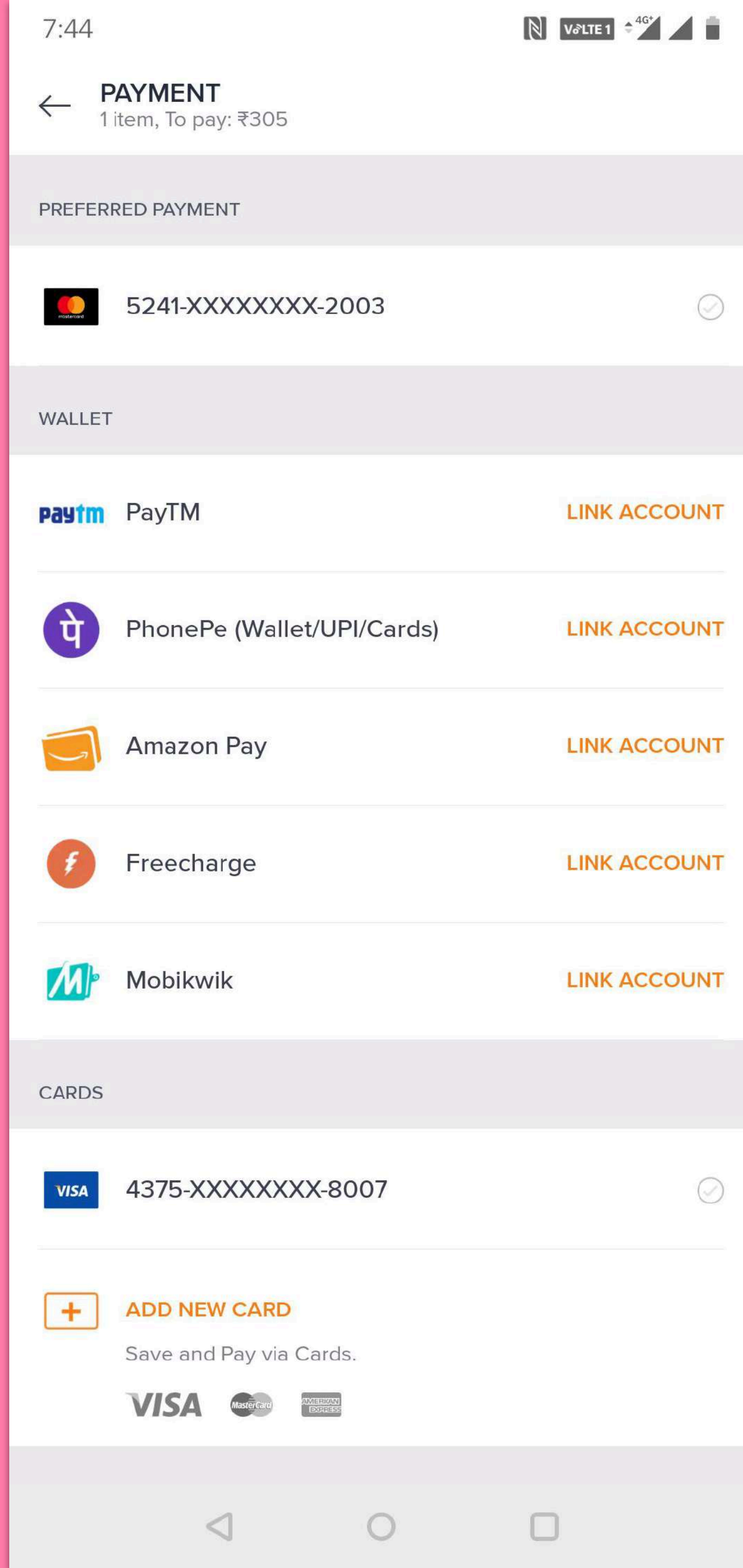
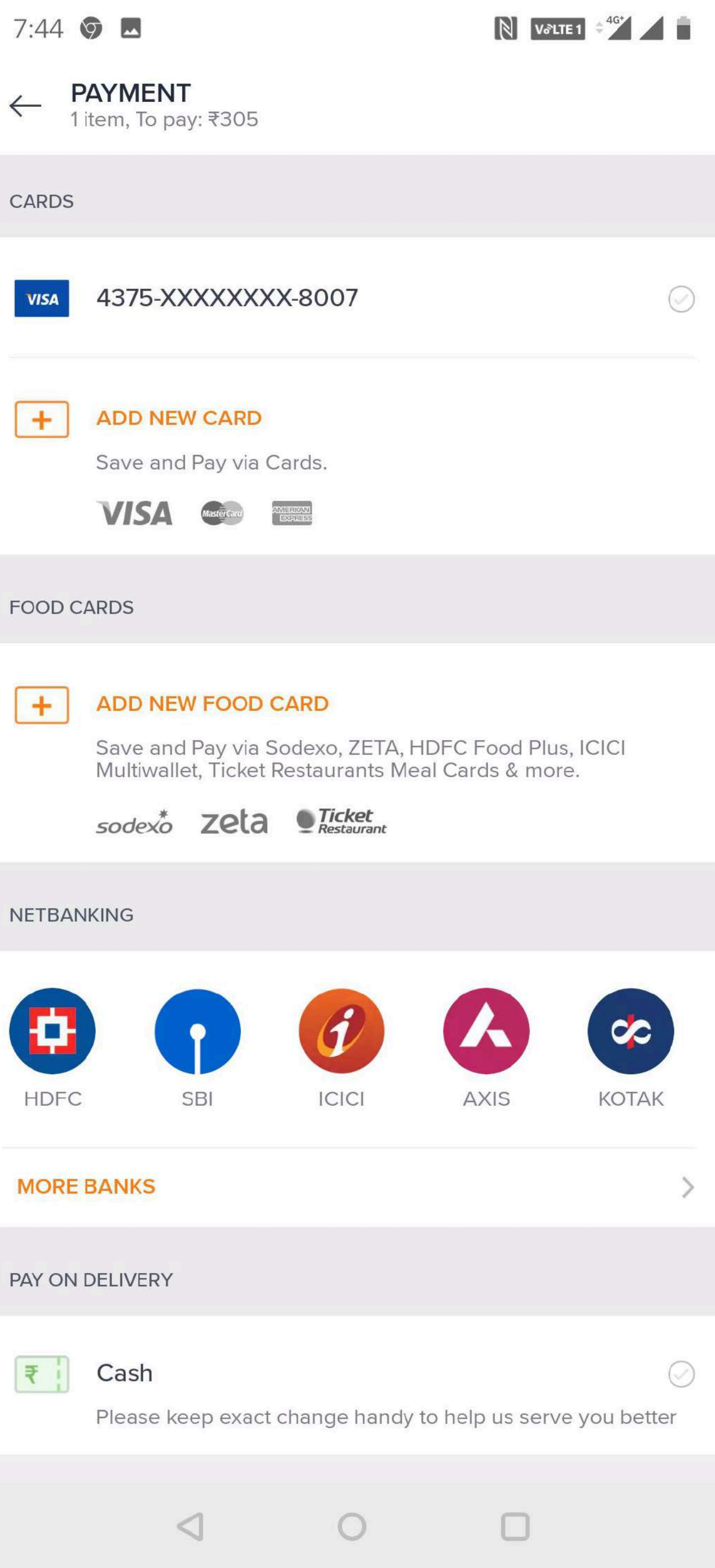
Provide Payment and Settlement System

3



Banks provide this mechanism by means of a payment facility based upon cheques, promissory notes, credit and debit cards. The payment mechanism is now being increasingly made through electronic means. The clearing and settlement mechanism of the stock market is done through depositories and clearing corporations.

बैंक चेक, प्रोमिसरी नोट्स, क्रेडिट और डेबिट कार्ड के आधार पर भुगतान सुविधा के माध्यम से इस क्रियाविधि को मुहैया कराते हैं। अब इलेक्ट्रॉनिक साधनों के माध्यम से भुगतान क्रियाविधि को तेजी से बनाया जा रहा है। शेयर बाजार की समाशोधन और निपटान क्रियाविधि जमाकर्ताओं और समाशोधन निगमों के माध्यम से किया जाता है।





FUNCTIONS OF FINANCIAL SYSTEM

Monitor Corporate
Performance.

4

A financial system not only helps in selecting the projects to be funded but also motivates the various stakeholders of the financial system to monitor the performance of the investment. Financial markets and institutions help to monitor corporate performance and exert pressure on the corporates to continuously improve their performance.



HIGHLIGHTS 2017-18

CONSOLIDATED TURNOVER

₹4,30,731 crore

▲ 30.5% y-o-y growth

CONSOLIDATED PROFIT AFTER TAX

₹36,075 crore

▲ 20.6% y-o-y growth

CONSOLIDATED CONTRIBUTION TO NATIONAL EXCHEQUER

₹86,942 crore

▲ 20.8% y-o-y growth

PROFIT AND LOSS METRICS

CONSOLIDATED

TURNOVER (₹ in crore)

▲ 30.5% y-o-y

₹4,30,731

FY 2017-18	4,30,731
FY 2016-17	3,30,180
FY 2015-16	2,93,298
FY 2014-15	3,88,494
FY 2013-14	4,46,339

BALANCE SHEET METRICS

CONSOLIDATED

PROFIT AFTER TAX (₹ in crore)

▲ 20.6% y-o-y

₹36,075

Net Profit CAGR of 26.5%*

FY 2017-18	36,075
FY 2016-17	29,901
FY 2015-16	25,171
FY 2014-15	23,566
FY 2013-14	22,493

SOCIAL METRICS

एक वित्तीय प्रणाली न केवल परियोजनाओं को लागत लगाने में मदद करती है बल्कि निवेश के कार्य की निगरानी के लिए वित्तीय प्रणाली के विभिन्न हितधारकों को भी प्रेरित करती है। वित्तीय बाजार और संस्थान कॉर्पोरेट कार्य की निगरानी करने और निगमों पर लगातार उनके प्रदर्शन में सुधार करने के लिए दबाव डालने में मदद डालते हैं।

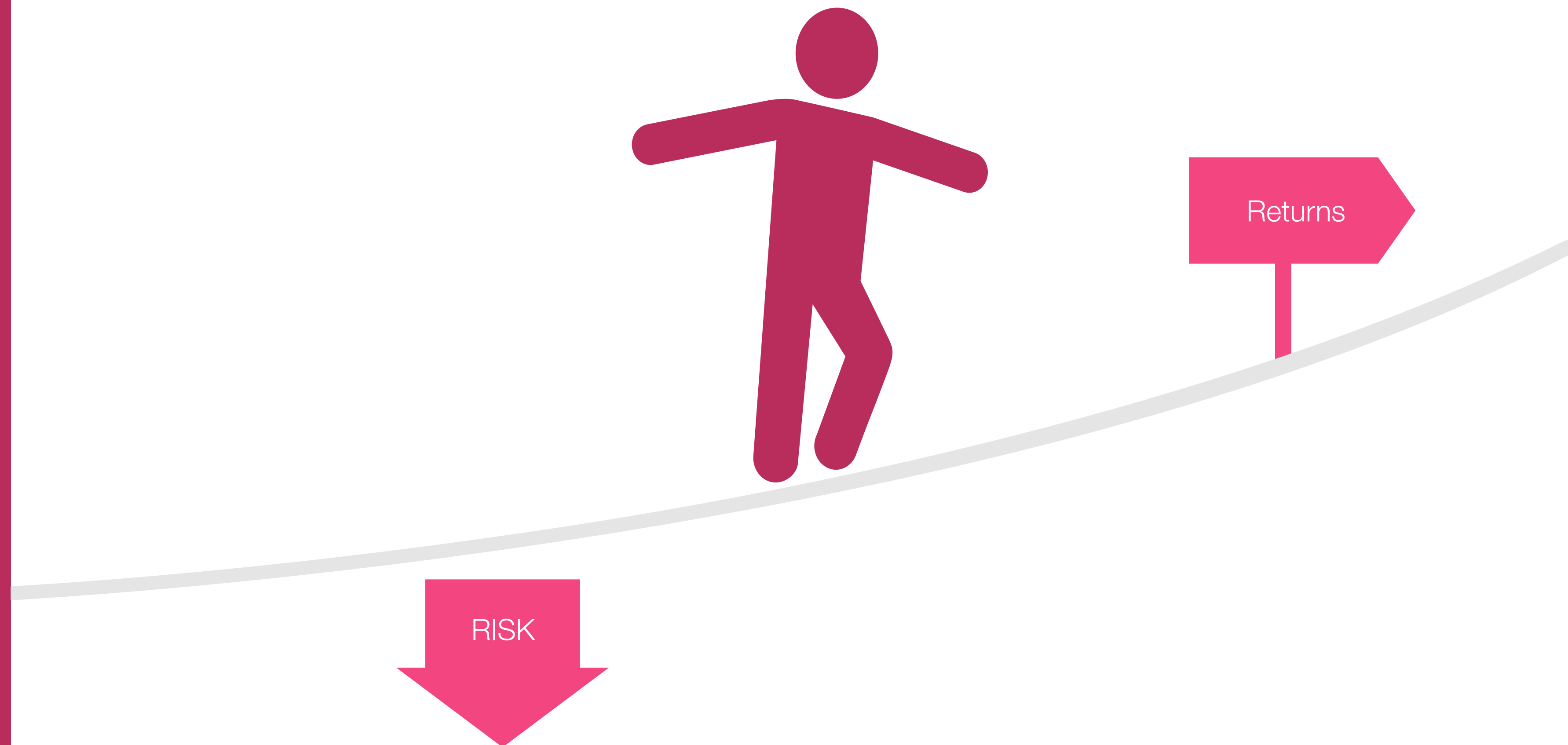


FUNCTIONS OF FINANCIAL SYSTEM

**Helps in Risk
Reduction**

5

The financial system helps in reduction of risk in the financial system by laying down rules. Risk reduction is achieved by diversification of portfolios and screening of borrowers. Risk is traded in the financial market through financial instruments such as derivatives. The derivatives shift risk from those who have it but don't want it to those who are willing to take it.



वित्तीय प्रणाली नियम निर्धारित करके वित्तीय प्रणाली के जोखिम में कमी में मदद करता है। निवेश सूची के विविधीकरण और उधारकर्ताओं की जाँच द्वारा जोखिम में कमी हासिल की जाती है। डेरिवेटिव जैसे वित्तीय उपकरणों के माध्यम से वित्तीय बाजार में जोखिम का कारोबार होता है। डेरिवेटिव्स उन लोगों से जोखिम लेते हैं जिनके पास यह है लेकिन वे इसे नहीं चाहते हैं और उनपे डालते हैं जो इसे लेने के इच्छुक हैं।



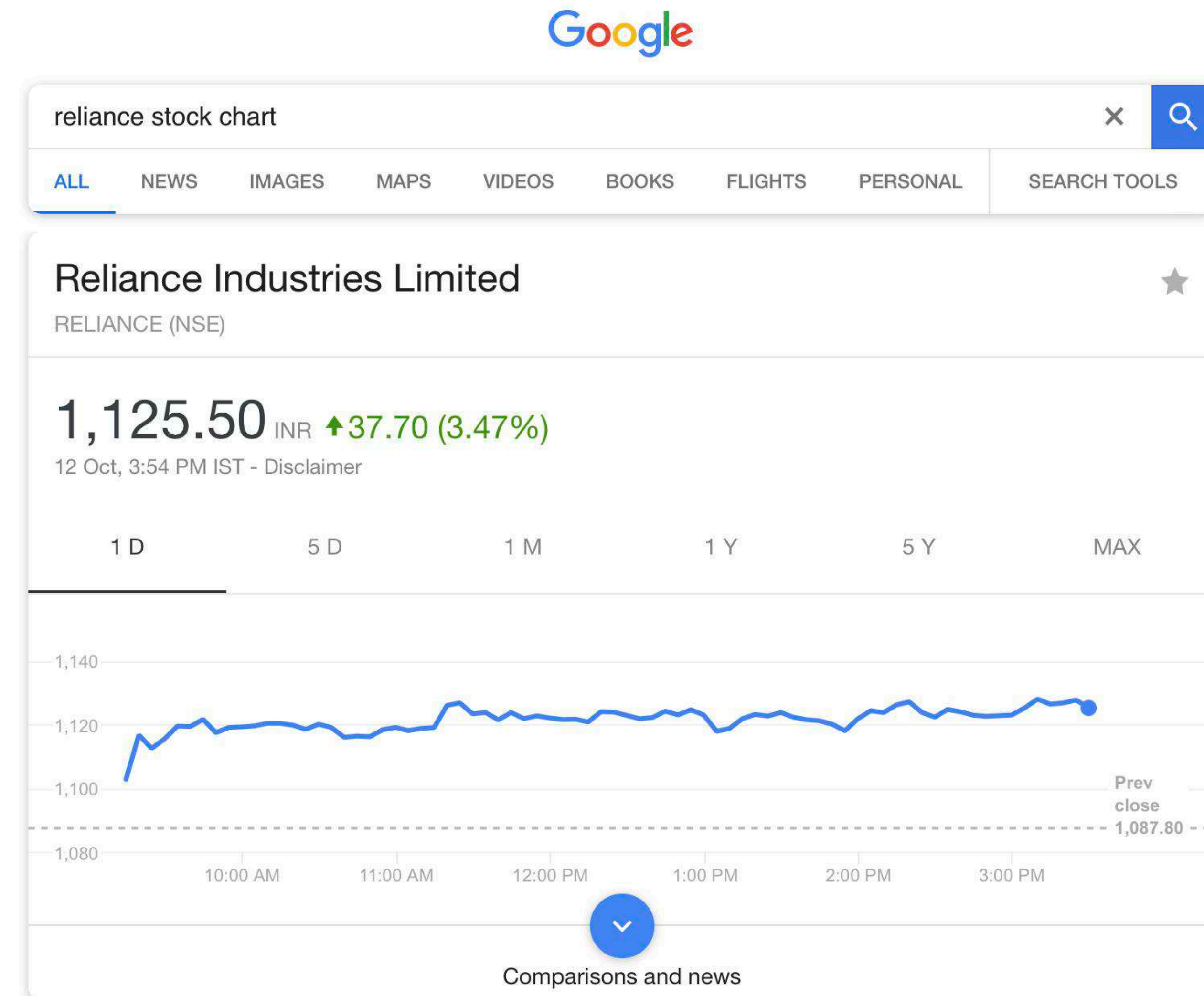
Conferenza

FUNCTIONS OF FINANCIAL SYSTEM

Provide price
related information

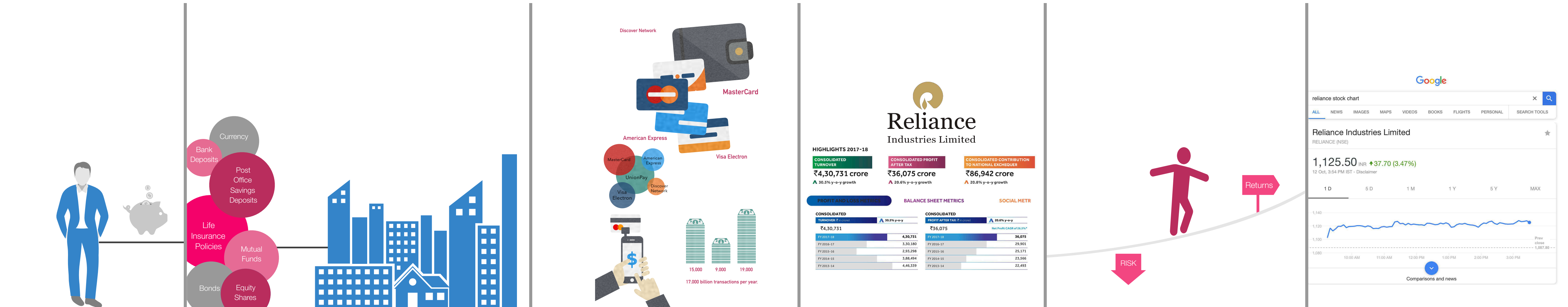
6

Financial markets provide information which enables the investors to make an informed decision about whether to buy, sell or hold a financial asset. This information dissemination facilitates valuation of financial assets. Further, this process of valuation influences the market price of equity and debt instruments and guides the management as to whether their actions are consistent with the objective of wealth maximization of shareholders.



वित्तीय बाजार सूचना प्रदान करते हैं जो निवेशकों को वित्तीय संपत्ति खरीदने, बेचने या रखे रहने के बारे में एक सूचित निर्णय लेने में सक्षम बनाता है। यह सूचना प्रसार वित्तीय परिसंपत्तियों के मूल्यांकन की सुविधा प्रदान करता है। इसके अलावा, मूल्यांकन की यह प्रक्रिया इक्विटी और ऋण उपकरणों के बाजार मूल्य को प्रभावित करती है और प्रबंधन को गाइड करती है कि क्या उनके कार्य शेयरधारकों के धन को अधिकतम करने के उद्देश्य से सुसंगत हैं या नहीं।

FUNCTIONS OF FINANCIAL SYSTEM



Mobilization of Savings

Allocation of savings

Provide Payment and Settlement System

Monitor Corporate Performance.

Helps in Risk Reduction

Provide price related information

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Capital market is regulated by SEBI
Money market and foreign exchange market
is regulated by RBI
Thus, a strong legal system protects the rights
and interests of investors and acts as a most
important element of a sound financial
system.

पूंजी बाजार सेबी द्वारा नियंत्रित किया जाता है
मनी मार्केट और विदेशी मुद्रा बाजार आरबीआई द्वारा नियंत्रित
किया जाता है
इस प्रकार, एक मजबूत कानूनी प्रणाली निवेशकों के अधिकारों
और हितों की रक्षा करती है और एक स्वस्थ वित्तीय प्रणाली
का सबसे महत्वपूर्ण तत्व के रूप में कार्य करती है।

KEY ELEMENTS OF WELL FUNCTIONING FINANCIAL SYSTEM

A Strong Legal and
Regulatory
Environment

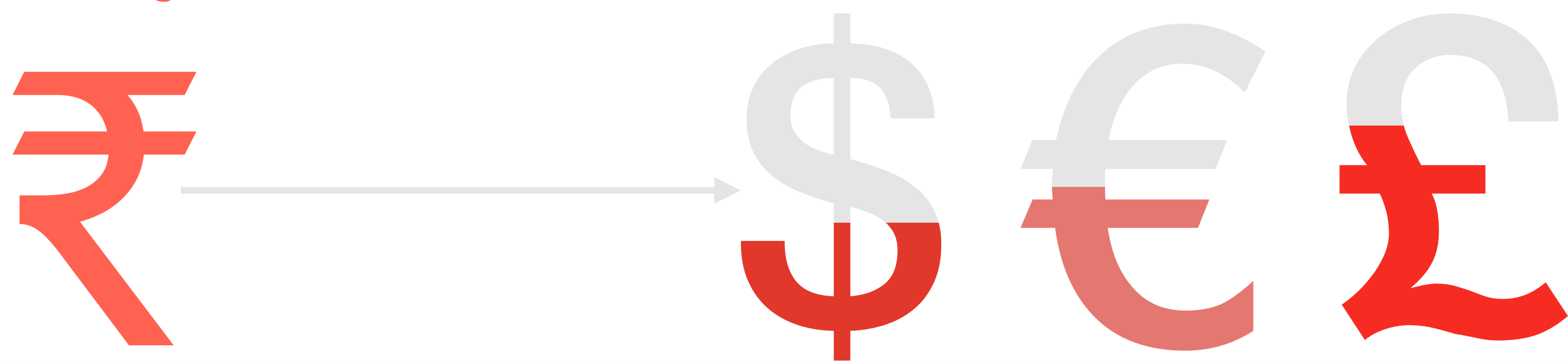


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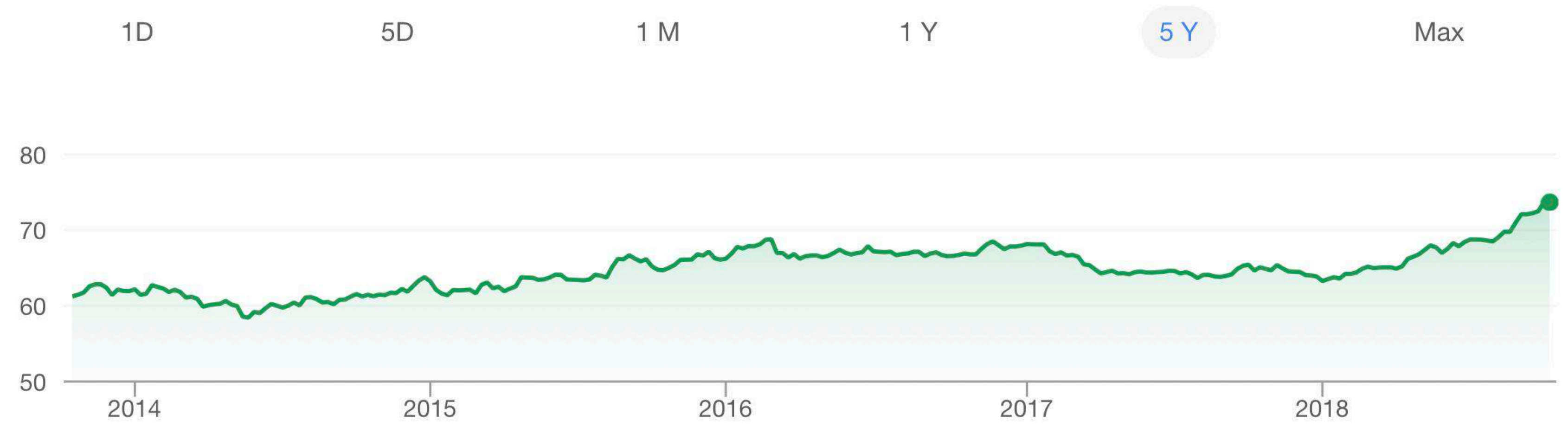
Money is an important part of an economy. Frequent fluctuations and depreciations in the value of money lead to financial crises and restrict the economic growth.

पैसा अर्थव्यवस्था का एक महत्वपूर्ण हिस्सा है। पैसे के मूल्य में लगातार उतार-चढ़ाव और मूल्यहास वित्तीय संकट को जन्म देते हैं और आर्थिक विकास को प्रतिबंधित करते हैं।



1 United States Dollar equals
73.69 Indian Rupee

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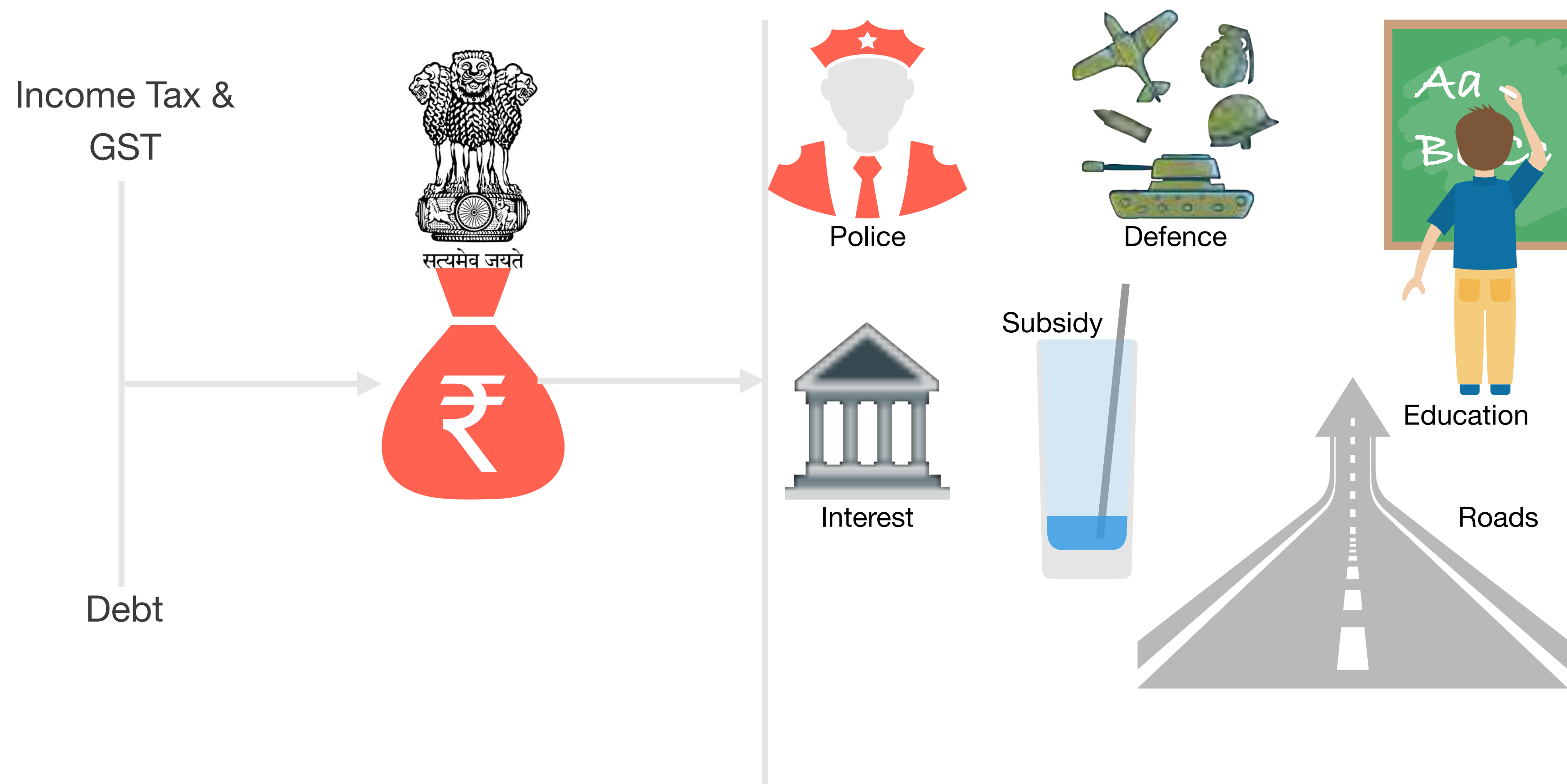


KEY ELEMENTS OF WELL FUNCTIONING FINANCIAL SYSTEM

Stable Money



स्वस्थ सार्वजनिक वित्त का मतलब सार्वजनिक खर्च को निर्धारित और नियंत्रित करना और इन खर्च का कुशलता से निधिकरण करने के लिए राजस्व में वृद्धि करना है। सार्वजनिक ऋण प्रबंधन आवश्यक धनराशि बढ़ाने के लिए सरकार के ऋण का प्रबंधन कर रहा है। इसमें सरकारी प्रतिभूतियों के लिए एक कुशल बाजार को विकसित और बनाए रखना भी शामिल है।



Sound public finances means setting and controlling public expenditures and increase revenues to fund these expenditures efficiently. Public debt management is managing the government's debt in order to raise the required amount of funding. It also includes developing and maintaining an efficient market for government securities.

KEY ELEMENTS OF WELL FUNCTIONING FINANCIAL SYSTEM

Sound Public Finances and Public Debt Management



A central bank supervises and regulates the operations of the banking system.

1. It acts as a banker to the banks and government,
2. manager of money market and foreign exchange market and also
3. lender of the last resort.

The monetary policy of the Central Bank is used to keep the pace of economic growth on a higher path.

एक केंद्रीय बैंक बैंकिंग प्रणाली के संचालन की निगरानी और विनियमन करता है।

1. यह बैंकों और सरकार के लिए बैंकर के रूप में कार्य करता है,
2. मनी मार्केट और विदेशी मुद्रा बाजार के प्रबंधक और
3. अंतिम उपाय का ऋणदाता।

सेंट्रल बैंक की मौद्रिक नीति का उपयोग उच्च विकास पर आर्थिक विकास की गति को बनाए रखने के लिए किया जाता है।

KEY ELEMENTS OF WELL FUNCTIONING FINANCIAL SYSTEM

A Central Bank



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एक अच्छी तरह से काम करने वाली वित्तीय प्रणाली में निजी और सार्वजनिक दोनों क्षेत्रों में घरेलू और अंतरराष्ट्रीय दोनों परिचालनों के साथ प्रतिकूल राष्ट्रीय और अंतरराष्ट्रीय घटनाओं का सामना करने की क्षमता के साथ बैंकों की बड़ी विविधता होनी चाहिए। वे भुगतान और समाशोधन प्रणाली, और विदेशी मुद्रा बाजार संचालित करने जैसे विभिन्न कार्यों को अदा करते हैं।

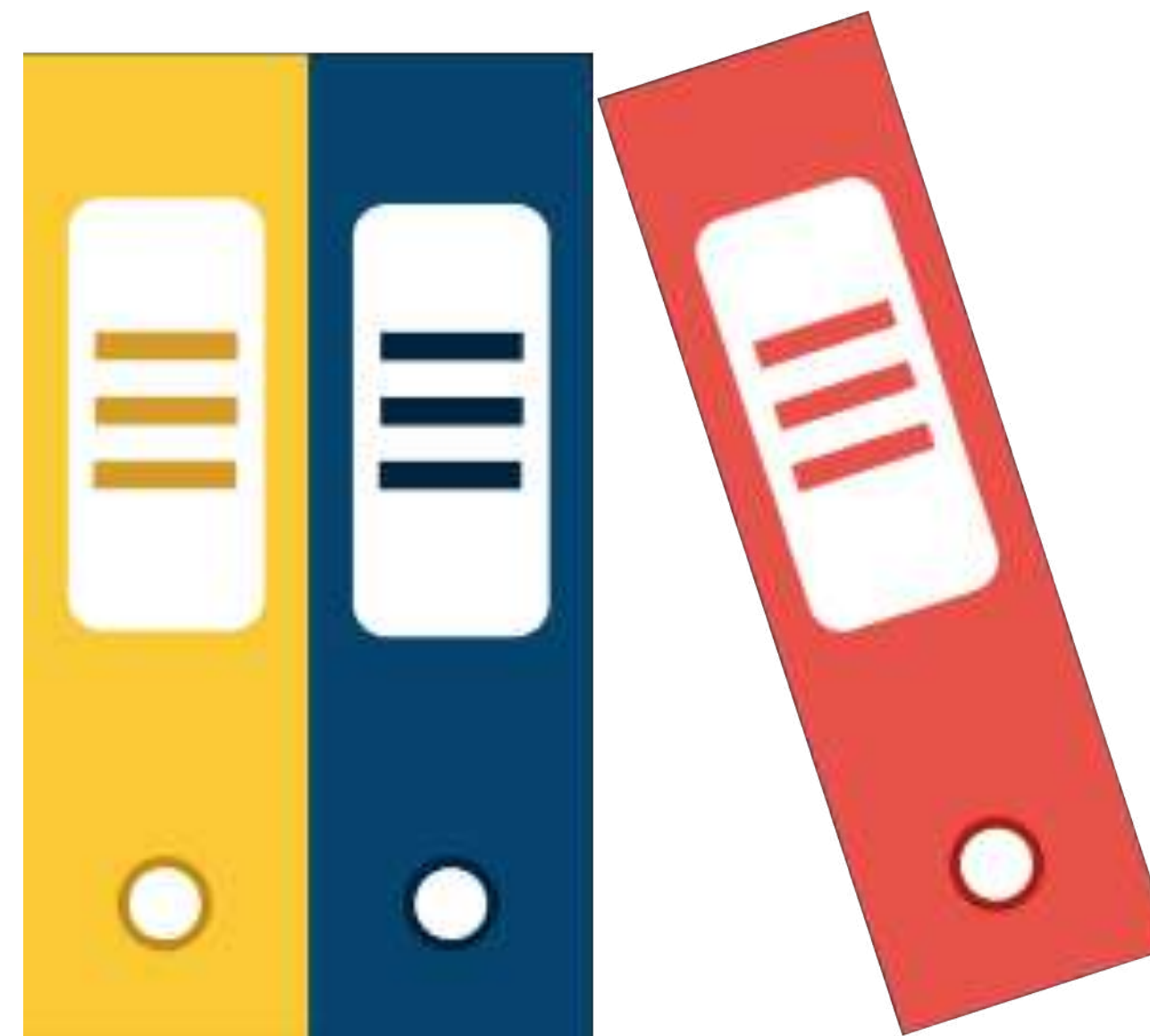


A well-functioning financial system must have large variety of banks both in the private and public sector having both domestic and international operations with an ability to withstand adverse national and international events. They perform varied functions such as operating the payment and clearing system, and foreign exchange market.

KEY ELEMENTS OF WELL FUNCTIONING FINANCIAL SYSTEM

Sound Banking System

उचित जानकारी का जाहिर करने की प्रथाये एक सही वित्तीय प्रणाली के आधार के रूप में काम करती है । निगमों को वित्तीय विवरणों में अपने वित्तीय कार्य का खुलासा करना पड़ता है। इसी प्रकार, प्रारंभिक सार्वजनिक प्रस्ताव के समय, कंपनियों को अपने वित्तीय स्वास्थ्य और योग्यता को जाहिर करने वाली कई जानकारी का खुलासा करना पड़ता है।



KEY ELEMENTS OF WELL FUNCTIONING FINANCIAL SYSTEM

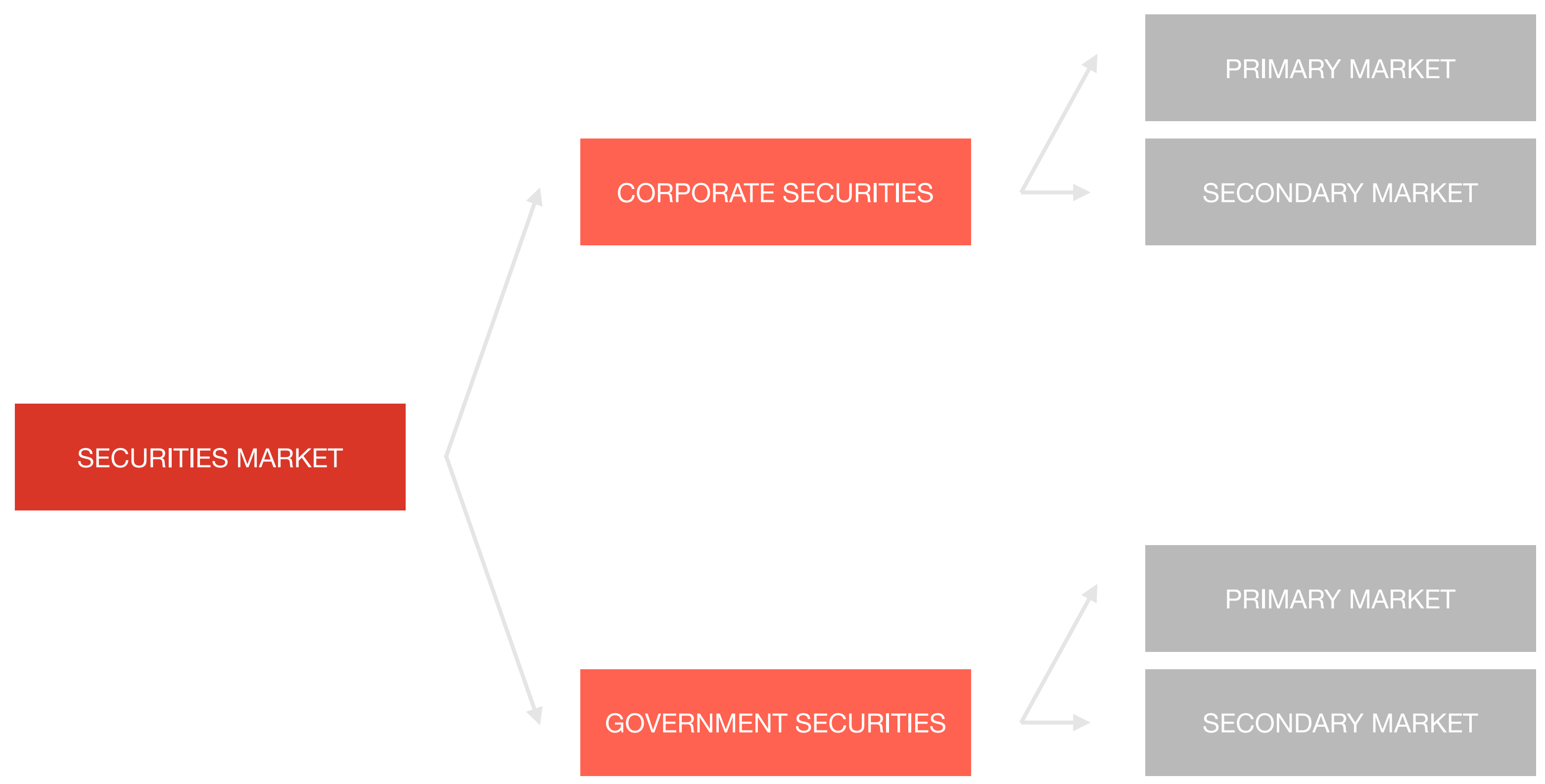
Information System



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Proper information disclosure practices form basis of a sound financial system for e.g. the corporates has to disclose their financial performance in the financial statements. Similarly, at the time of initial public offering, the companies have to disclose a host of information disclosing their financial health and efficiency.

एक प्रतिभूति बाजार इक्विटी और ऋण दोनों जारी करने की सुविधा प्रदान करता है। एक कुशल प्रतिभूति बाजार पूंजी बाजार के माध्यम से अर्थव्यवस्था के आवश्यक वर्गों, फर्मों के लिए पूंजी की लागत को कम करने, तरलता में वृद्धि और विदेशी निवेश को आकर्षित करने के लिए उठाए गए धन को अभिनियोजित करने में मदद करता है।



A securities market facilitates the issuance of both equity and debt. An efficient securities market helps in the deployment of funds raised through the capital market to the required sections of the economy, lowering the cost of capital for the firms, enhancing liquidity and attracting foreign investment.

KEY ELEMENTS OF WELL FUNCTIONING FINANCIAL SYSTEM

Well Functioning Securities Market

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KEY ELEMENTS OF WELL FUNCTIONING FINANCIAL SYSTEM



**A Strong
Legal &
Regulatory
Environment**

Stable Money

**Sound Public
Finances &
Public Debt
Management**

**A Central
Bank**

**Sound
Banking
System**

**Information
System**

**Well
Functioning
Securities
Market**

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Indian Financial System

Design

Indian Financial System Design

Bank Based

- In bank-based financial systems such as Germany and Japan, banks play a leading role in mobilizing savings, allocating capital, overseeing the investment decisions of corporate managers, and in providing risk management vehicles.

Market Based

- In market-based financial systems such as England and the United States, securities markets share center stage with banks in terms of getting society's savings to firms, exerting corporate control, and easing risk management. Some analysts suggest that markets are more effective at providing financial services.



Bank Based

India



Germany

France



Japan

Argentina



Pakistan

Srilanka



China

Market Based

USA



UK

Singapore



Malaysia

Brazil



Mexico

Philippines



Turkey

Market Based Financial System

Advantages

1. Financial markets promote diversification and permit risk-sharing effectively.
2. Provides an information system
3. Facilitate financing of new technologies

Disadvantages

1. Market based system is prone to instability as market maybe fluctuating in turbulent times
2. Consequently investors are exposed to market risk
3. There is a free rider problem

Advantages of Market Based Financial System



Financial markets promote diversification and permit risk-sharing effectively.



Returns

Risk

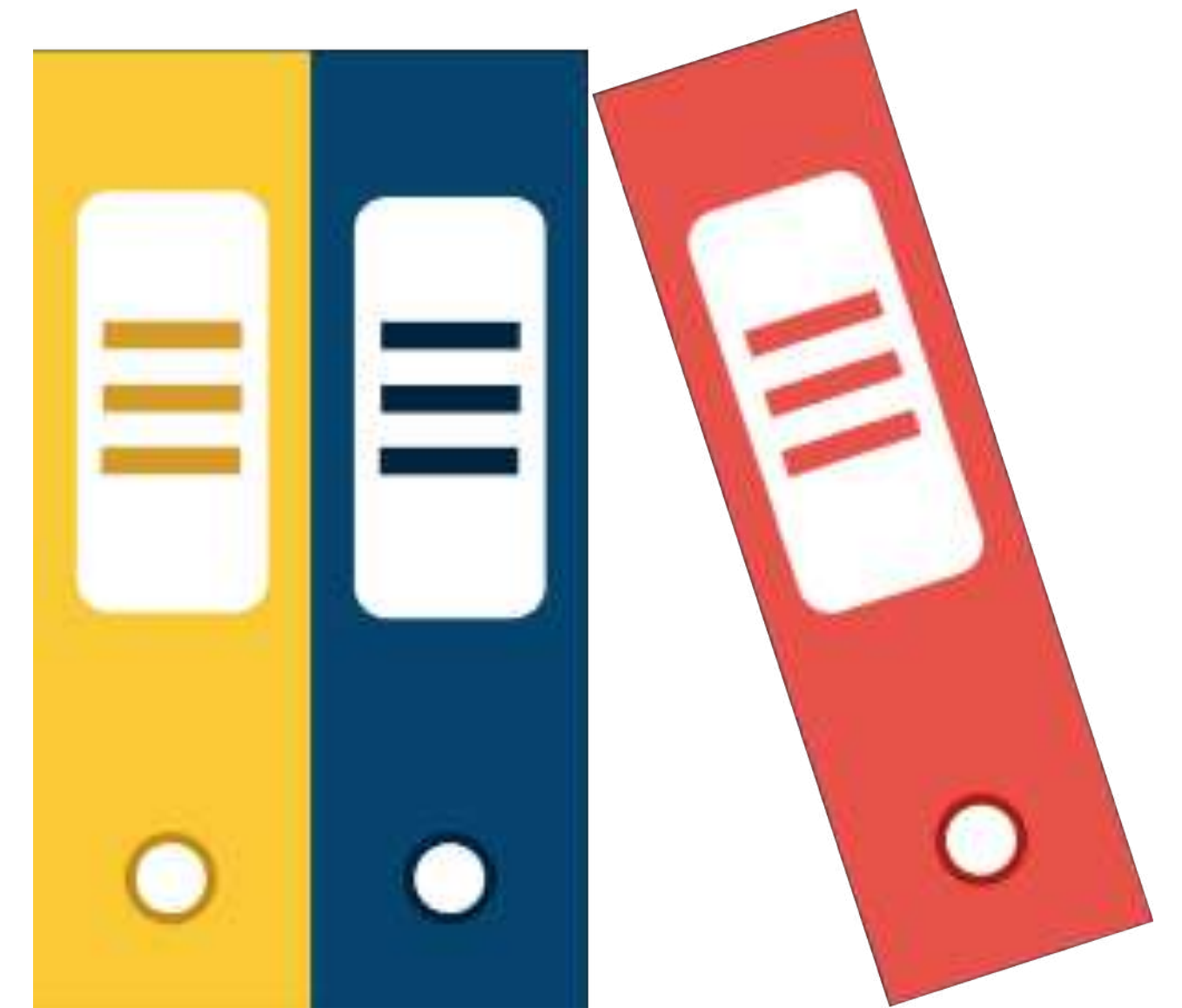
bseindia.com

Security Code	Security Id	Security Name	Status	Group	Face Value	ISIN No	Industry	Instrument
500002	ABB	ABB India Limited	Active	A	2.00	INE117A01022	Heavy Electrical Equipment	Equity
500003	AEGISLOG	AEGIS LOGISTICS LTD.	Active	A	1.00	INE208C01025	Oil Marketing & Distribution	Equity
500008	AMARAJABAT	AMARA RAJA BATTERIES LTD.	Active	A	1.00	INE885A01032	Auto Parts & Equipment	Equity
500010	HDFC	HOUSING DEVELOPMENT FINANCE CORP.LTD.	Active	A	2.00	INE001A01036	Housing Finance	Equity
500027	ATUL	ATUL LTD.	Active	A	10.00	INE100A01010	Agrochemicals	Equity
500031	BAJAJELEC	BAJAJ ELECTRICALS LTD.-\$	Active	A	2.00	INE193E01025	Household Appliances	Equity
500033	FORCEMOT	FORCE MOTORS LTD.-\$	Active	A	10.00	INE451A01017	Cars & Utility Vehicles	Equity
500034	BAJFINANCE	Bajaj Finance Limited	Active	A	2.00	INE296A01024	Finance (including NBFCs)	Equity
500038	BALRAMCHIN	BALRAMPUR CHINI MILLS LTD.	Active	A	1.00	INE119A01028	Sugar	Equity
500040	CENTURYTEX	CENTURY TEXTILES & INDUSTRIES LTD.	Active	A	10.00	INE055A01016	Cement & Cement Products	Equity
500042	BASF	BASF INDIA LTD.	Active	A	10.00	INE373A01013	Specialty Chemicals	Equity
500043	BATAINDIA	BATA INDIA LTD.	Active	A	5.00	INE176A01028	Footwear	Equity
500048	BEML	BEML LTD.	Active	A	10.00	INE258A01016	Commercial Vehicles	Equity
500049	BEL	BHARAT ELECTRONICS LTD.	Active	A	1.00	INE263A01024	Defence	Equity
500067	BLUESTARCO	BLUE STAR LTD.	Active	A	2.00	INE472A01039	Consumer Electronics	Equity
500084	CESC	CESC LTD.	Active	A	10.00	INE486A01013	Electric Utilities	Equity
500085	CHAMBLFERT	CHAMBAL FERTILISERS & CHEMICALS LTD.	Active	A	10.00	INE085A01013	Fertilizers	Equity
500086	EXIDEIND	EXIDE INDUSTRIES LTD.	Active	A	1.00	INE302A01020	Auto Parts & Equipment	Equity
500087	CIPLA	CIPLA LTD.	Active	A	2.00	INE059A01026	Pharmaceuticals	Equity
500092	CRISIL	CRISIL LTD.	Active	A	1.00	INE007A01025	Other Financial Services	Equity

Advantages of Market Based Financial System



**Provides an
information
system**



Advantages of Market Based Financial System



**Facilitate financing
of new
technologies**

New Technology



Disadvantages of Market Based Financial System

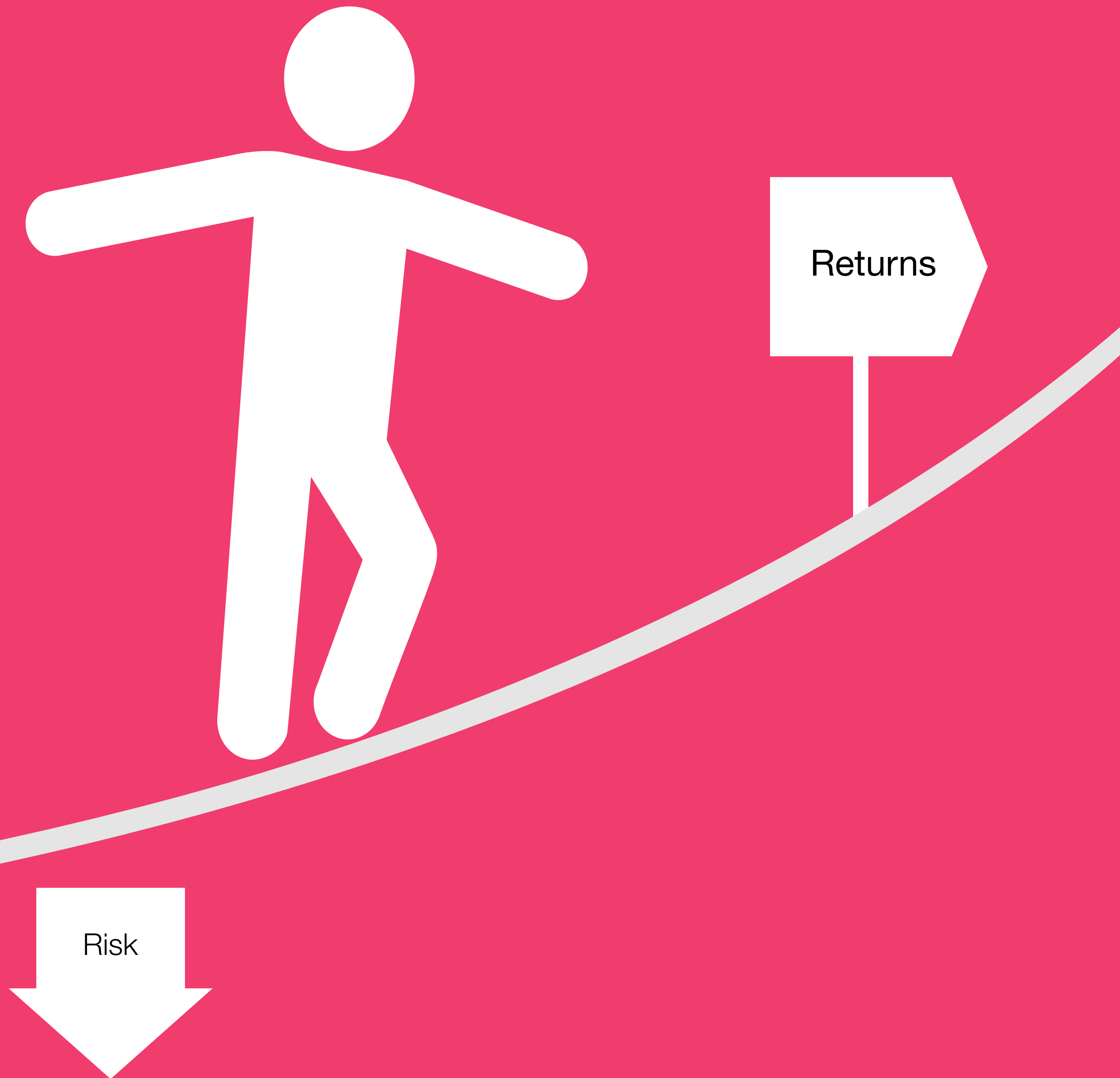


Market based system is prone to instability as market maybe fluctuating in turbulent times

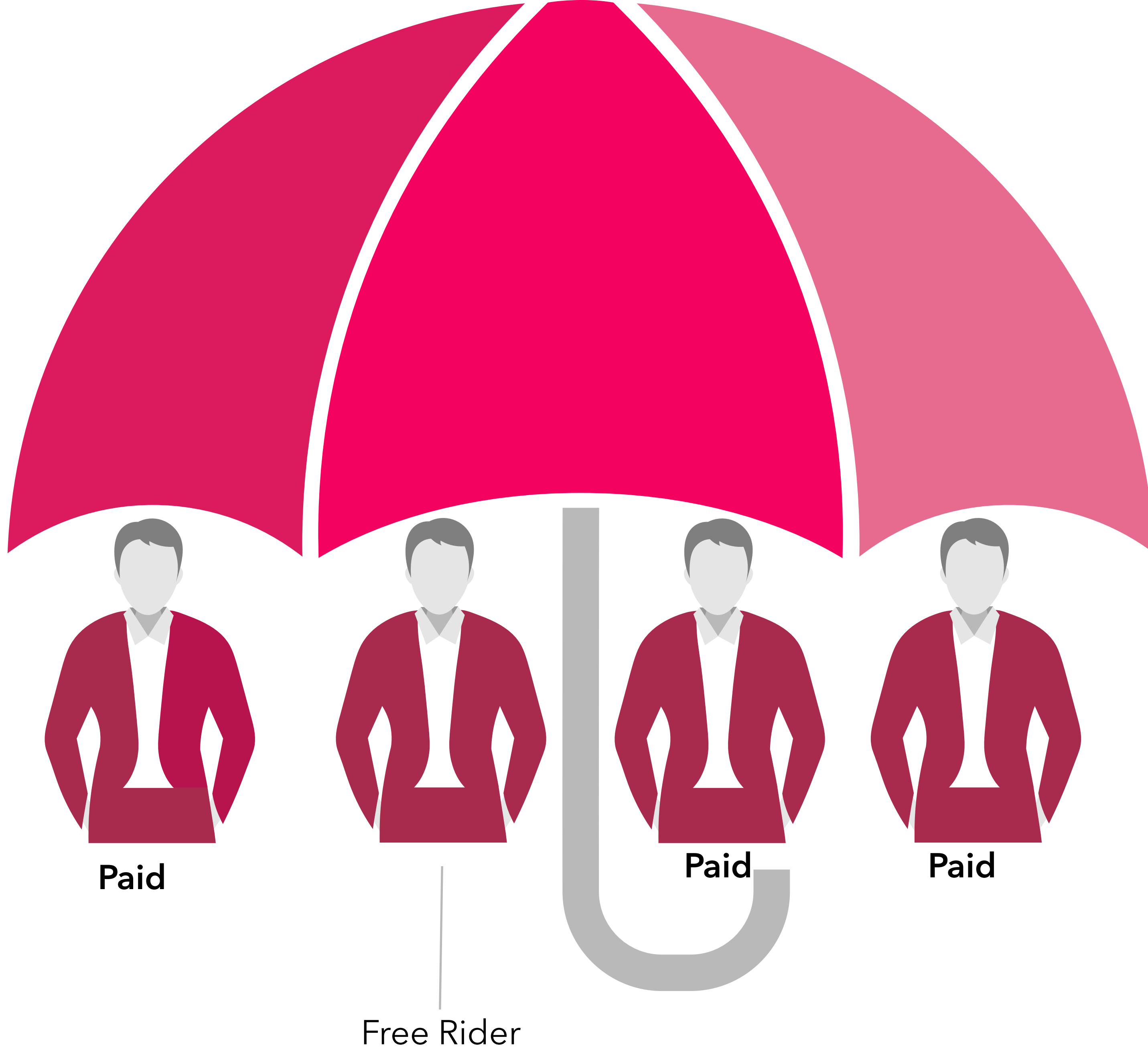
Stock Market Up or Down Next Week?



Disadvantages of Market Based Financial System



**Consequently
investors are
exposed to market
risk**



Disadvantages of Market Based Financial System



There is a free rider problem

In economics, the free-rider problem occurs when those who benefit from resources, public goods, or services do not pay for them, which results in an underprovision of those goods or services.

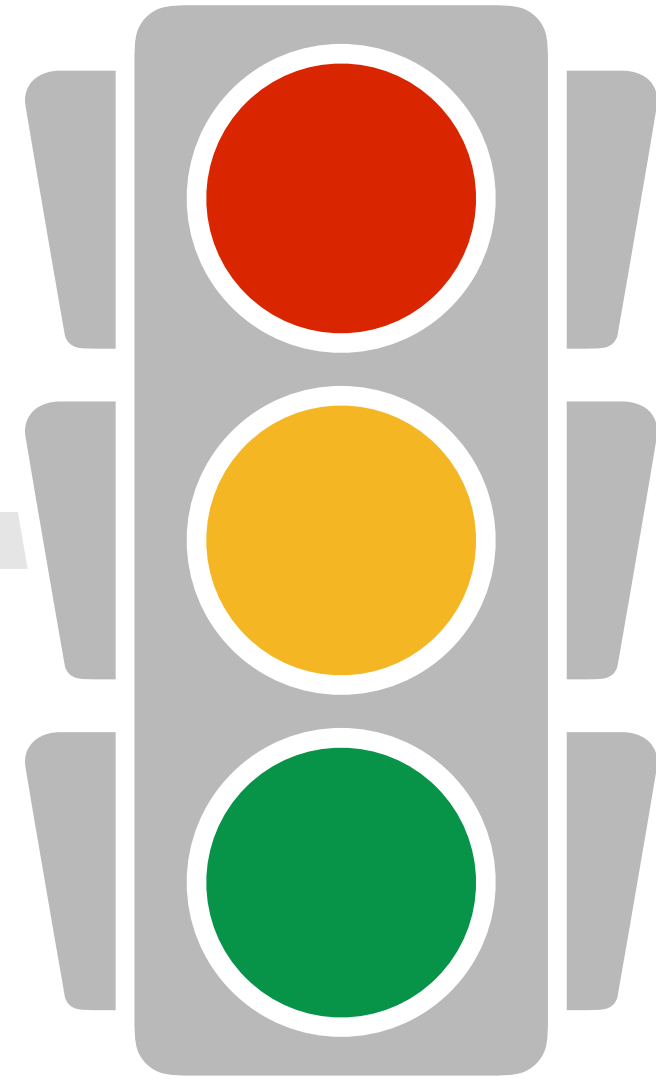
Disadvantages of Market Based Financial System



There is a free rider problem

there are many people using the roads but actually didn't pay anything in taxes

Free Riders



Bank Based Financial System

Advantages

1. Close Relationship with Parties
2. Provides Tailor Made Contracts
3. No Free Rider Problem

Disadvantages

1. Retards innovation and growth as bank may prefer low risk and low return projects
2. Impedes competition and entry of new firms because banks may collude with business managers against other investors

Advantages of Bank Based Financial System



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**Close relationship
with parties**

CONTRACT



Advantages of Bank Based Financial System



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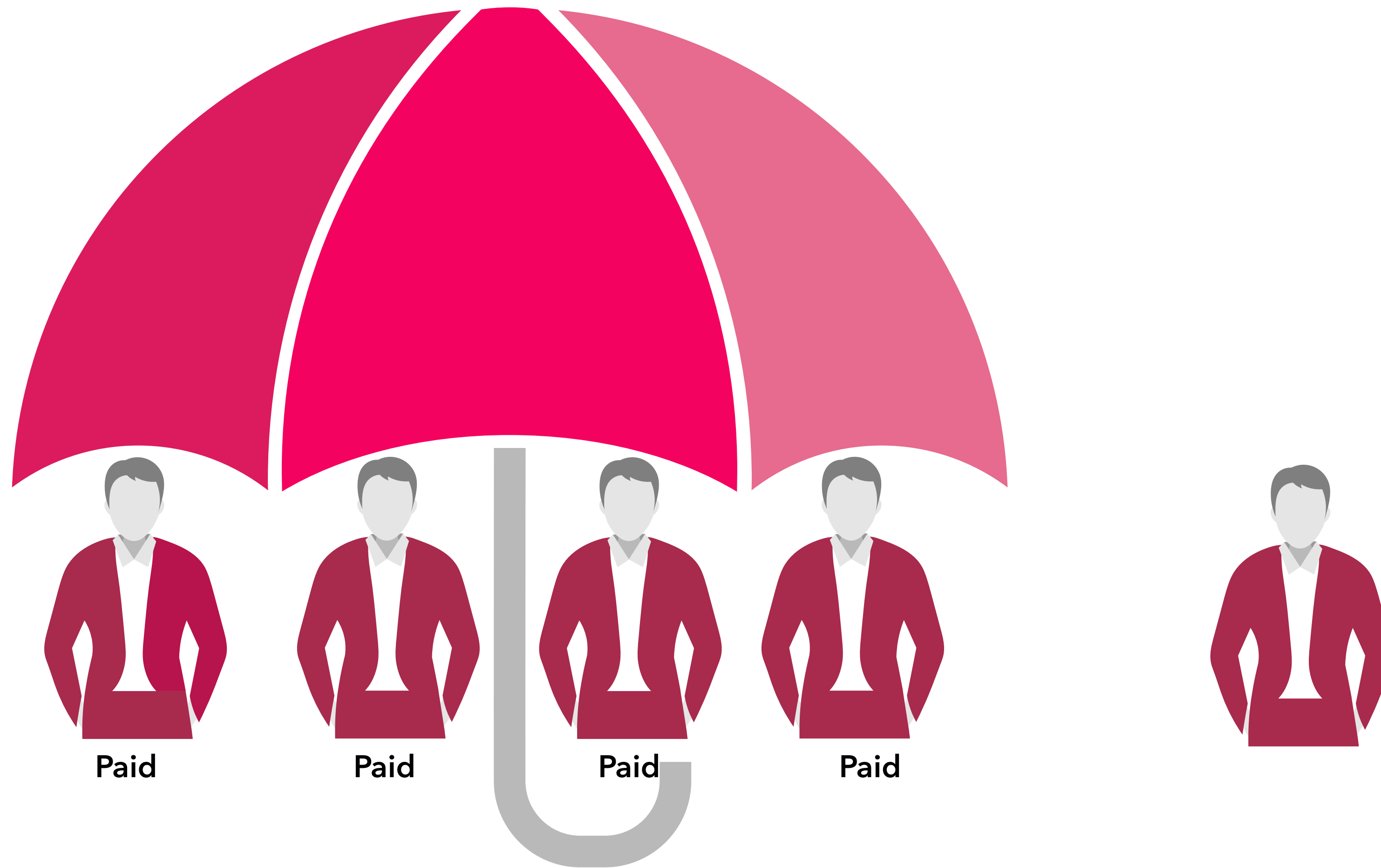
**Provides tailor
made contracts**

Advantages of Bank Based Financial System



Conferenza.in

No free rider problem



Disadvantages of Bank Based Financial System

Retards innovation and growth as bank may prefer low risk and low return projects



57%

-14%

Disadvantages of Bank Based Financial System

Impedes competition and entry of new firms because banks may collude with business managers against other investors



Difference Between Bank Based & Market Based Financial System

Basis	Market Based	Bank Based
Economy	The Economy is dependent on how well or poorly the stock market is performing.	The economy is dependent on how well or poorly the banking system is doing.
Interest from Loans	Banks are less dependent on interest from loans.	Banks are more dependent on Interest from loans for their revenue increase
Opportunities to gain or lose	Each individual within the society has the opportunity to gain or lose on any given day	Only a few are given the opportunity to maximize their gain
Law	Based on civil law rather than common law	Based on common law
Countries	USA, UK, Singapore ,Malaysia, Brazil, Mexico, Philippines, Turkey	Japan, Germany, France, Italy, India, Argentina, Pakistan, Srilanka

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FORMAL

INFORMAL

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03

Financial Institutions

04

Financial Regulators

05

Money Lenders

01

Group of Persons

02

Pawn Brokers

03

Traders

04

Friends, Relatives

05

1

The financial market is a broad term describing any marketplace where trading of securities including equities, bonds, currencies and derivatives occurs.

2

Financial market can be divided into money market and capital market.

3

Money market is a market for short term securities having a maturity period of less than one year.

4

Capital Market is a market for long term securities having a maturity period of more than one year.

5

Further, capital market can be divided into primary market and secondary market.

6

In primary market, securities (shares, bonds, debentures) are issued to the public for the first time.

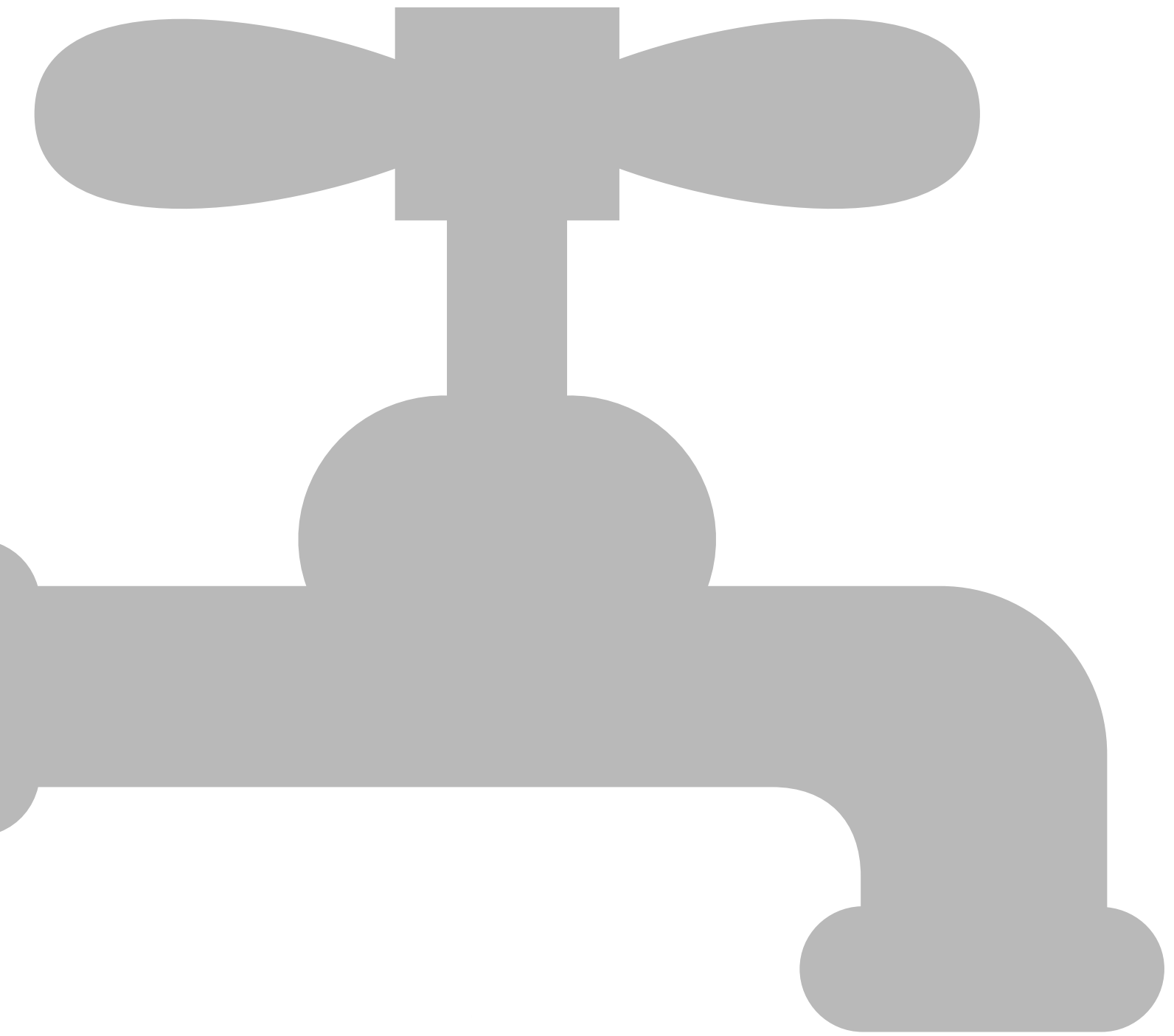
7

While in secondary market, trading (purchase and sale) takes place in those securities are already issued to the public.

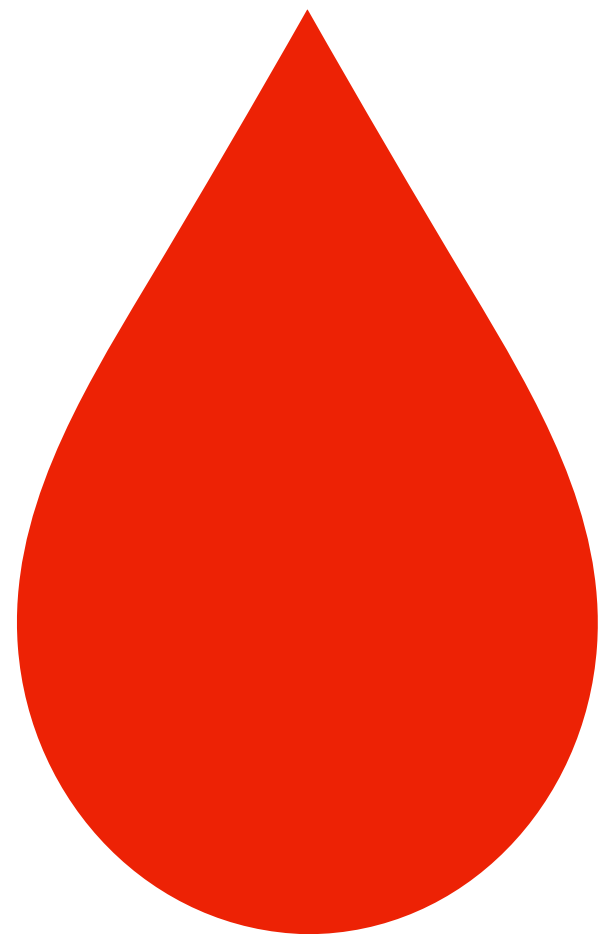


Functions of Financial Market

- 1 To facilitate creation and allocation of **credit and liquidity**.
- 2 To serve as **intermediaries for mobilization of savings**.
- 3 To cater to the various **credits needs** of the business organizations
- 4 To provide **financial convenience**.
- 5 To provide information and facilitate **transactions at low cost**.
- 6 To help in the process of **balanced economic growth**.



To facilitate creation and allocation
of credit and liquidity.



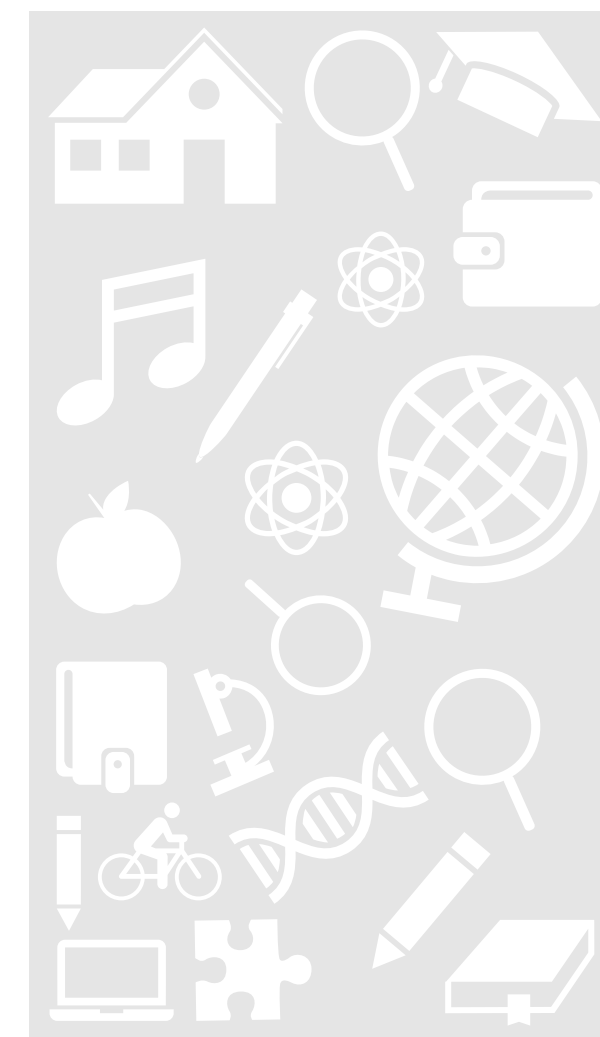
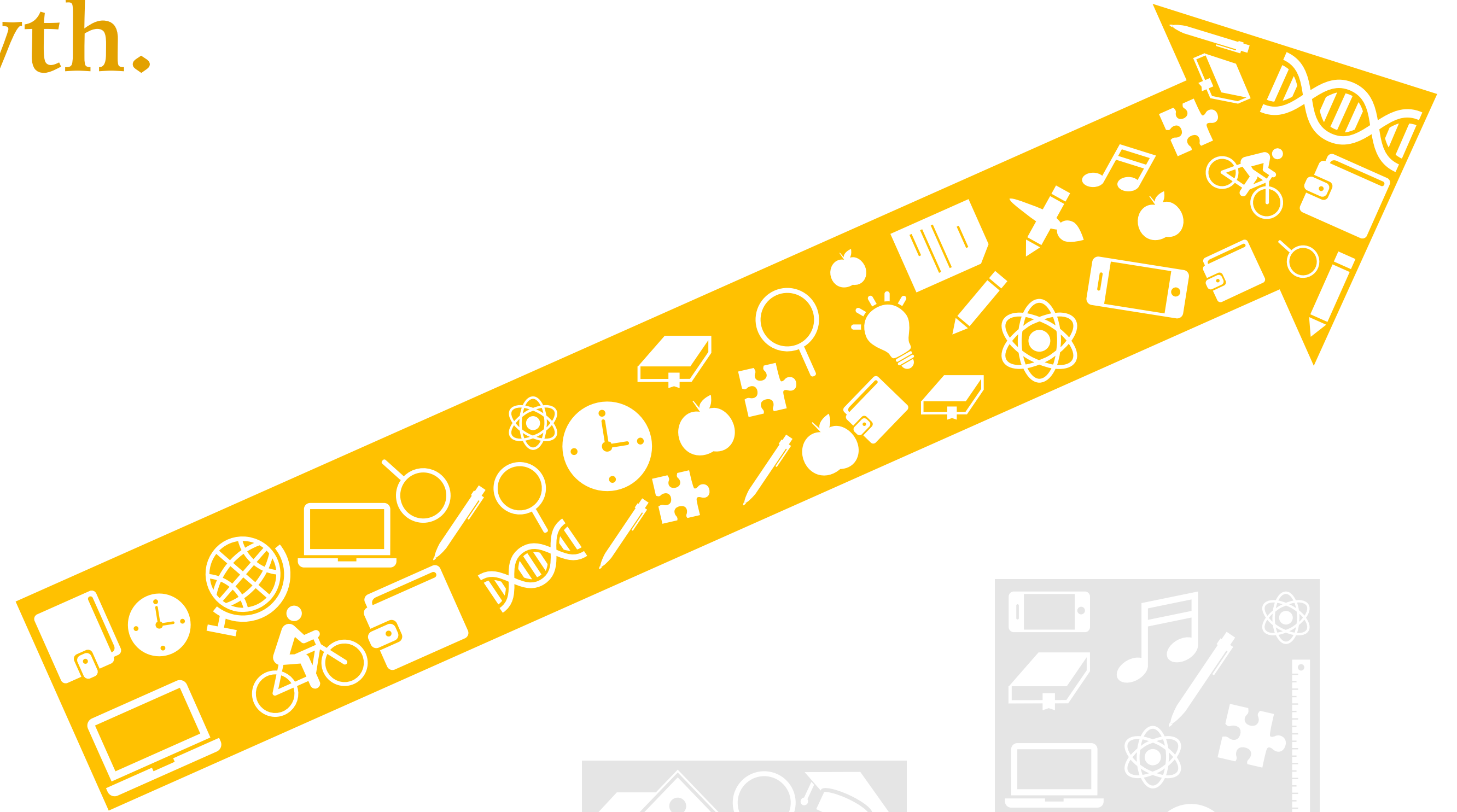


To serve as intermediaries for mobilization of savings.





To help in the process of balanced economic growth.



To provide financial
convenience



To provide information and
facilitate transactions at low
cost.





To cater to the various credits needs
of the business organizations



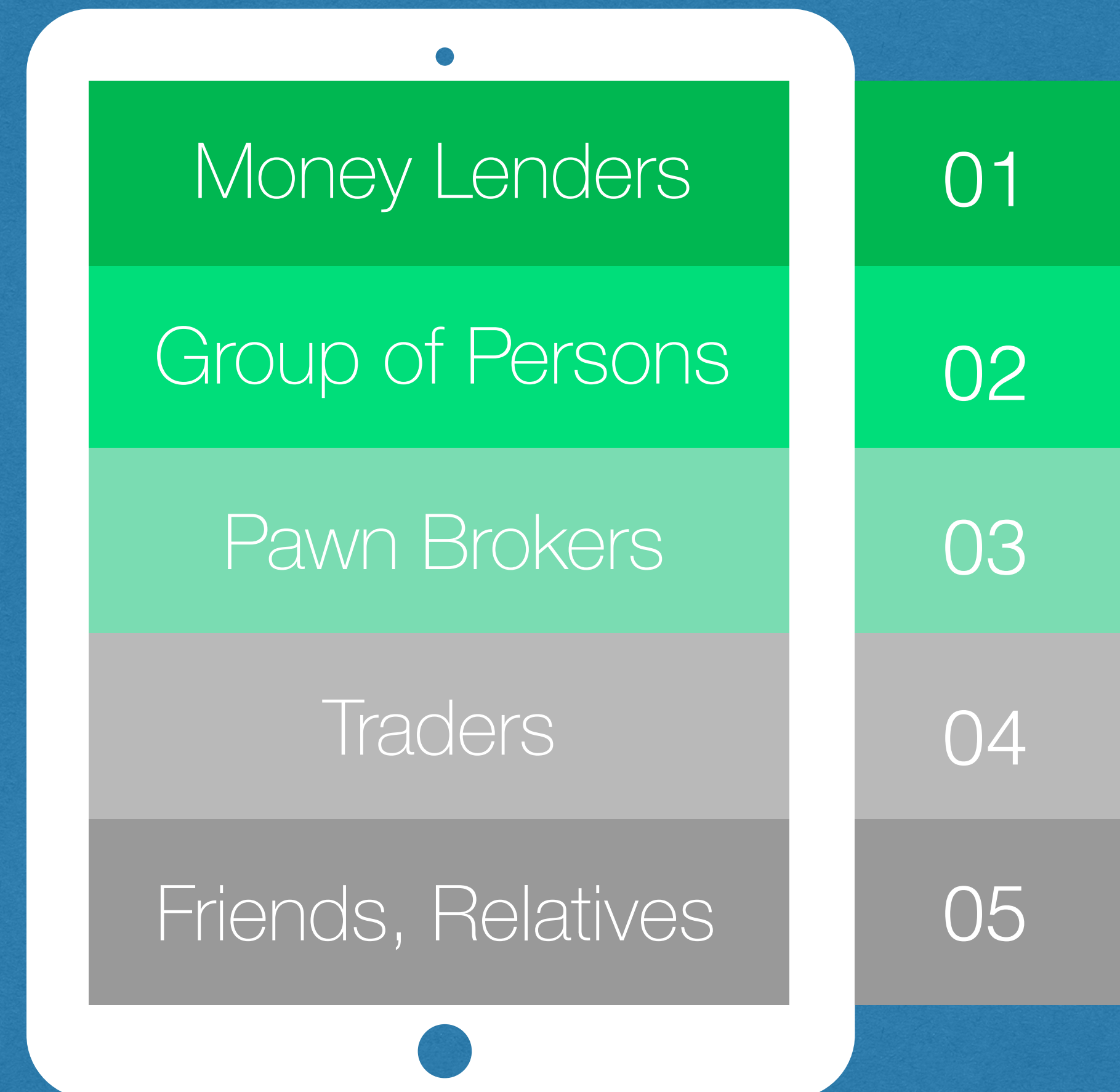
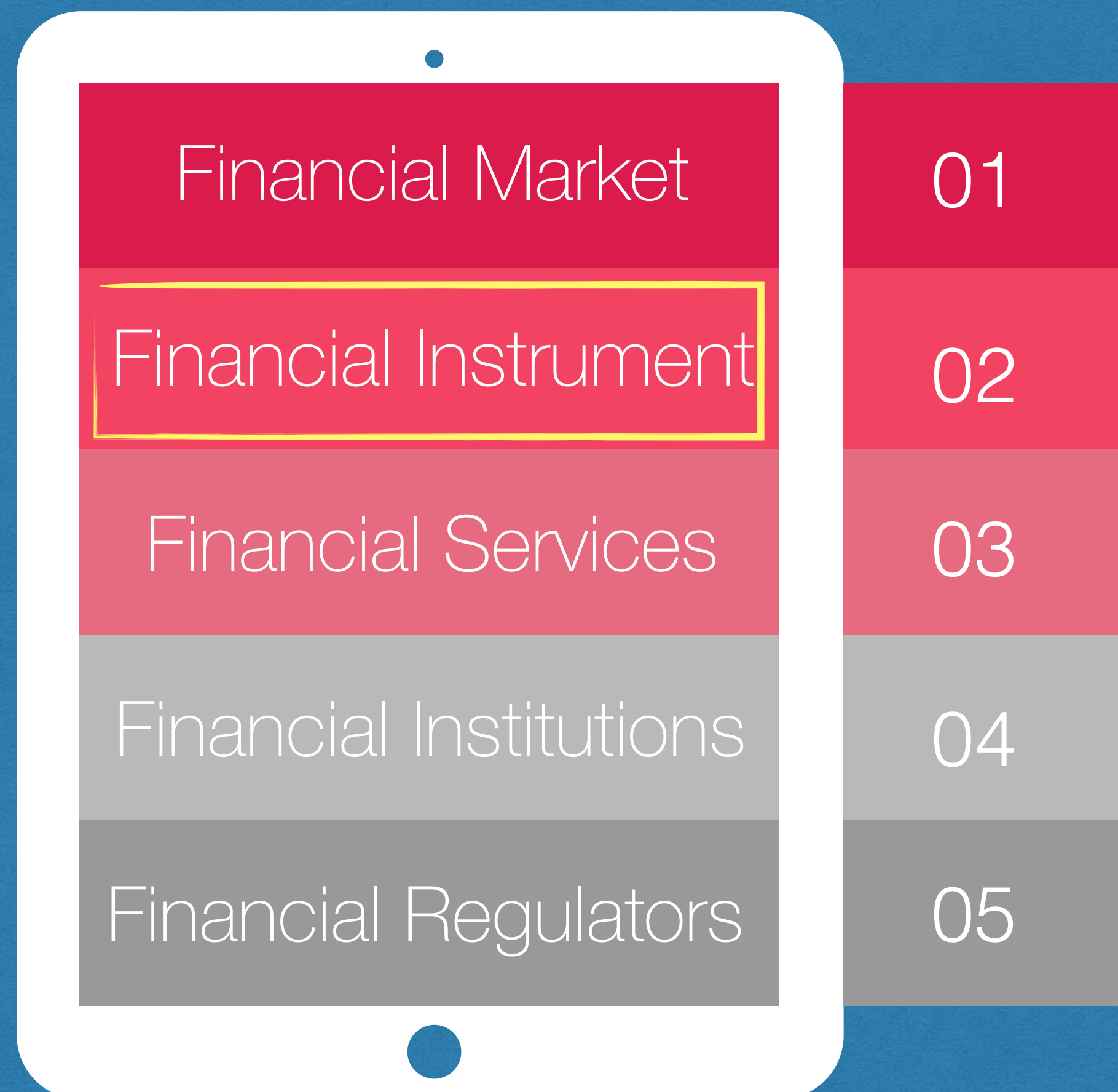
Functions of Financial Market

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TYPES OF FINANCIAL SYSTEM

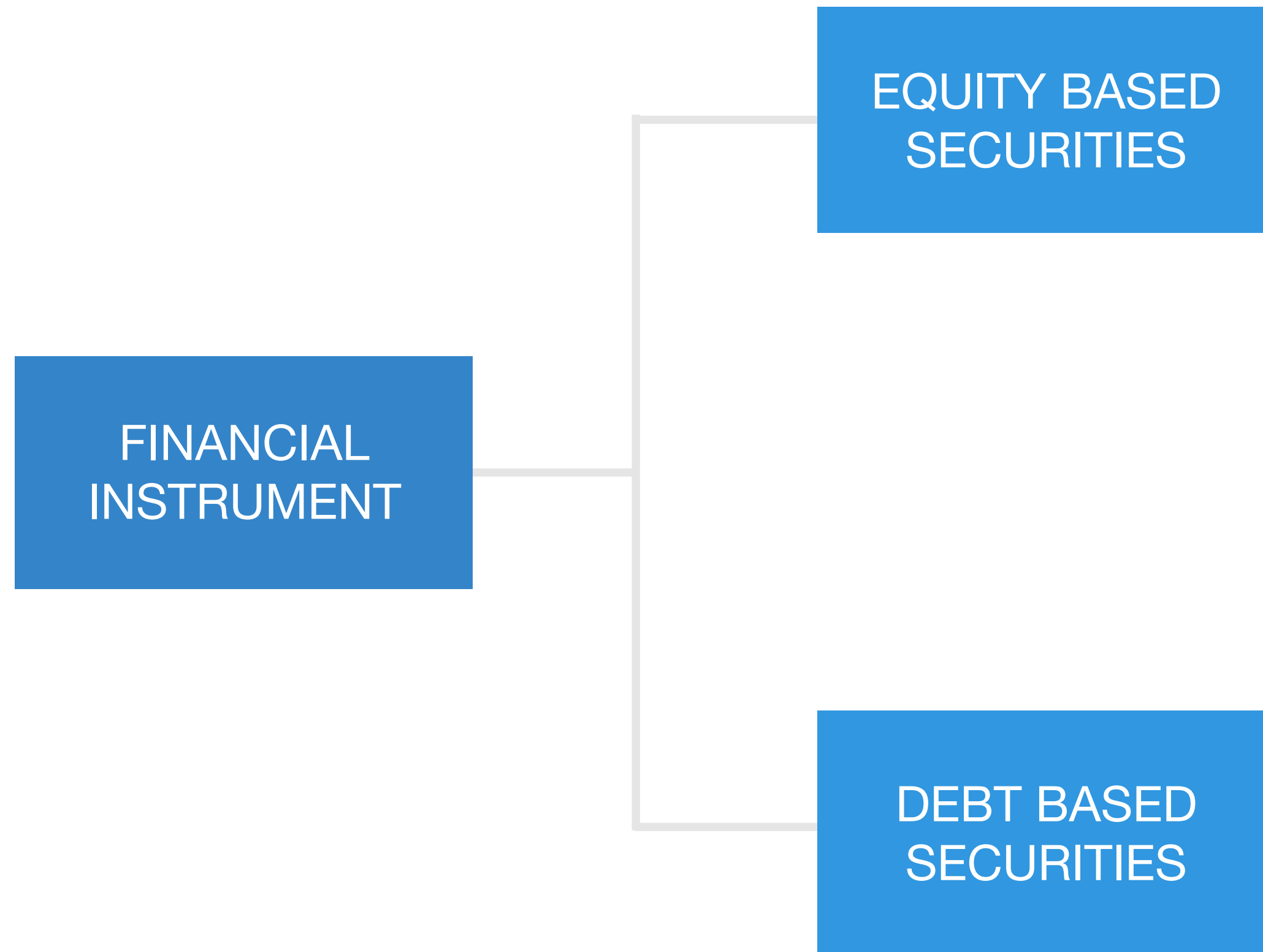
FORMAL

INFORMAL



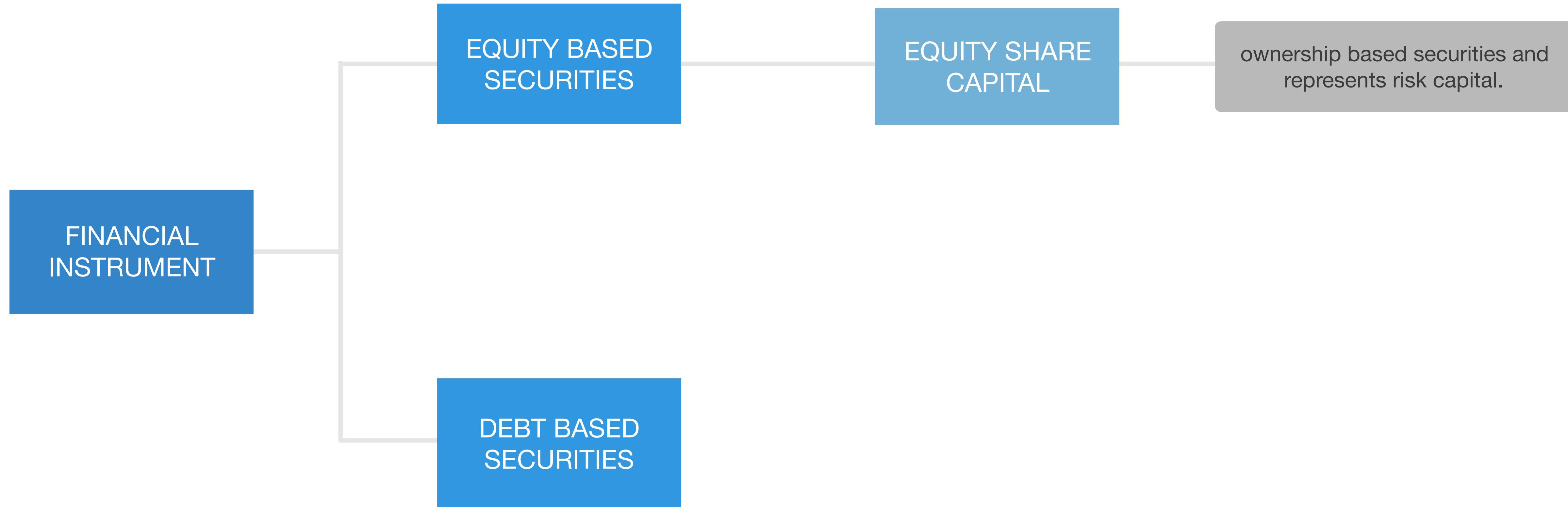


Financial Instruments



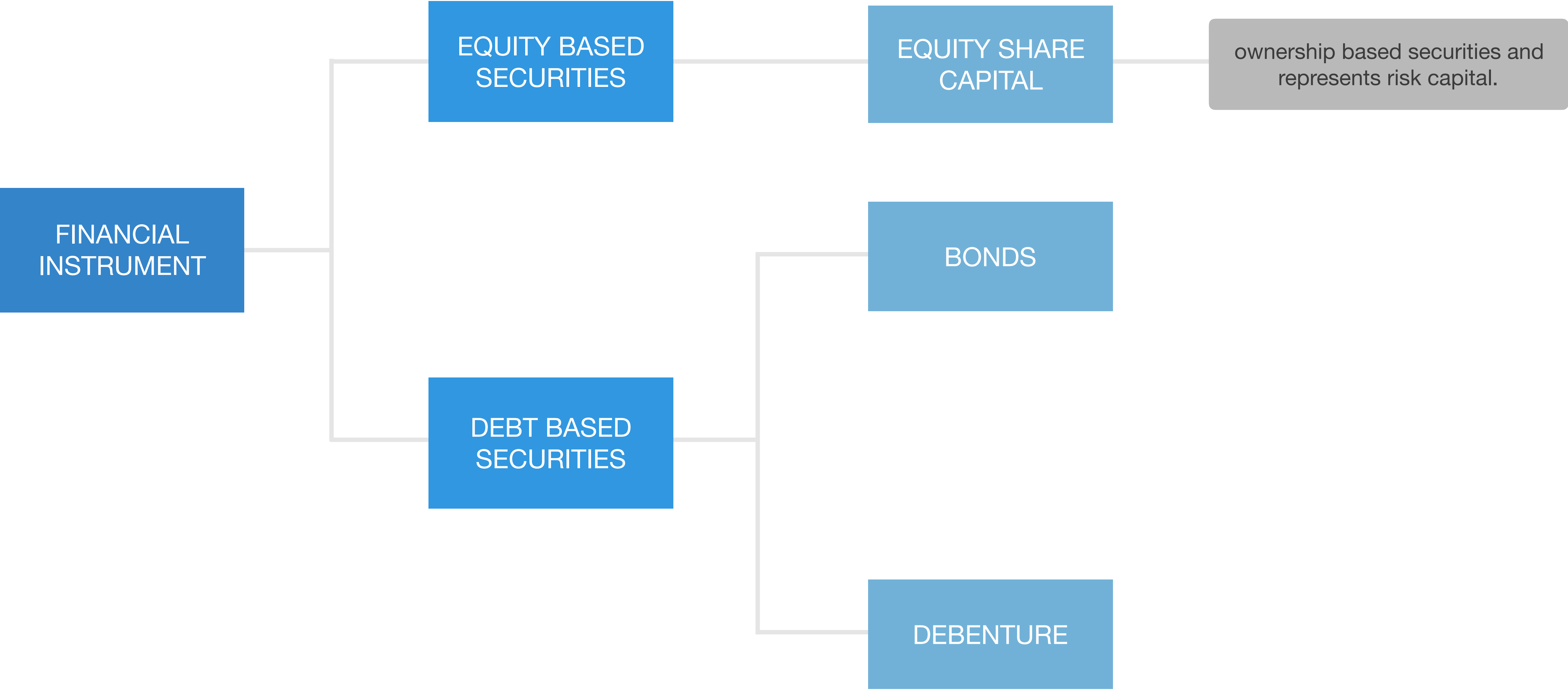


Financial Instruments



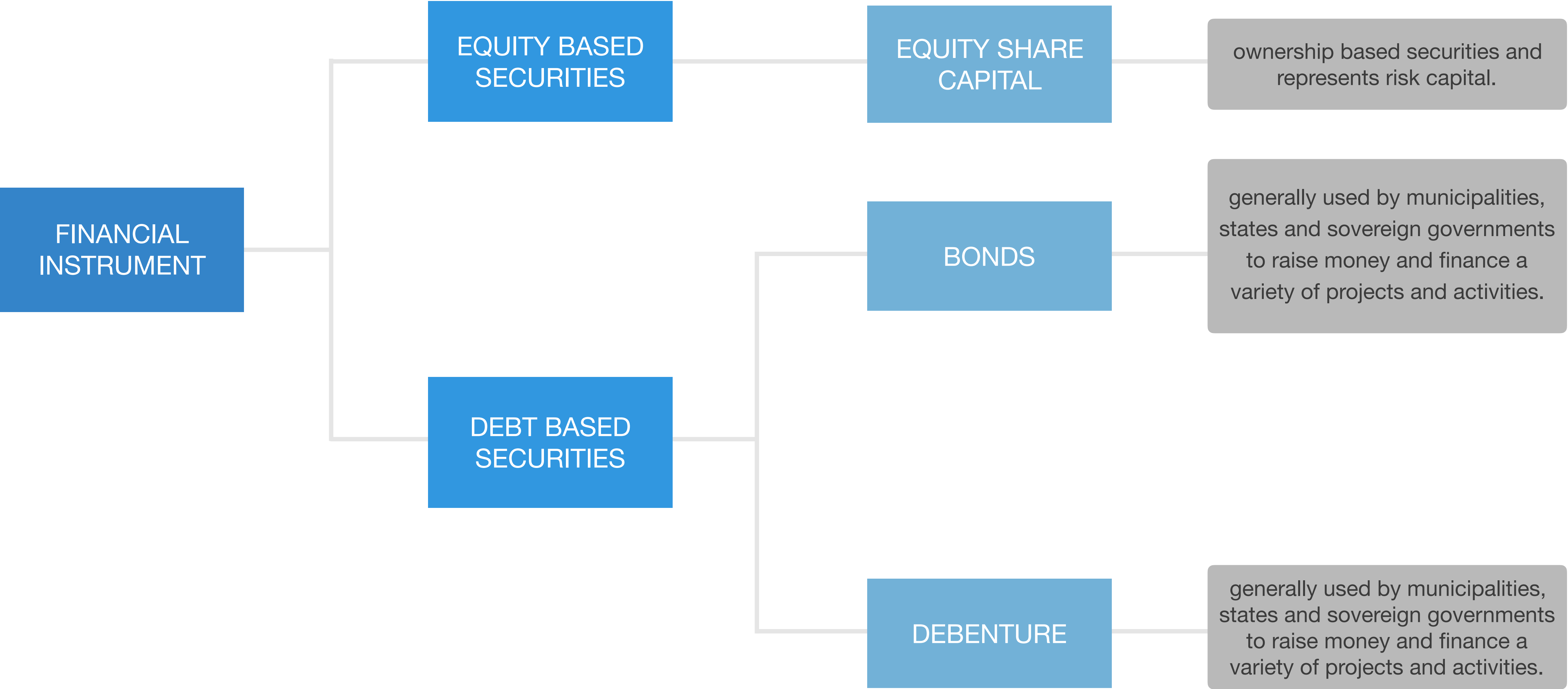


Financial Instruments





Financial Instruments





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Liquidity

Marketable

Collateral Value

Transferability

Maturity Period

Transaction Cost

Risk

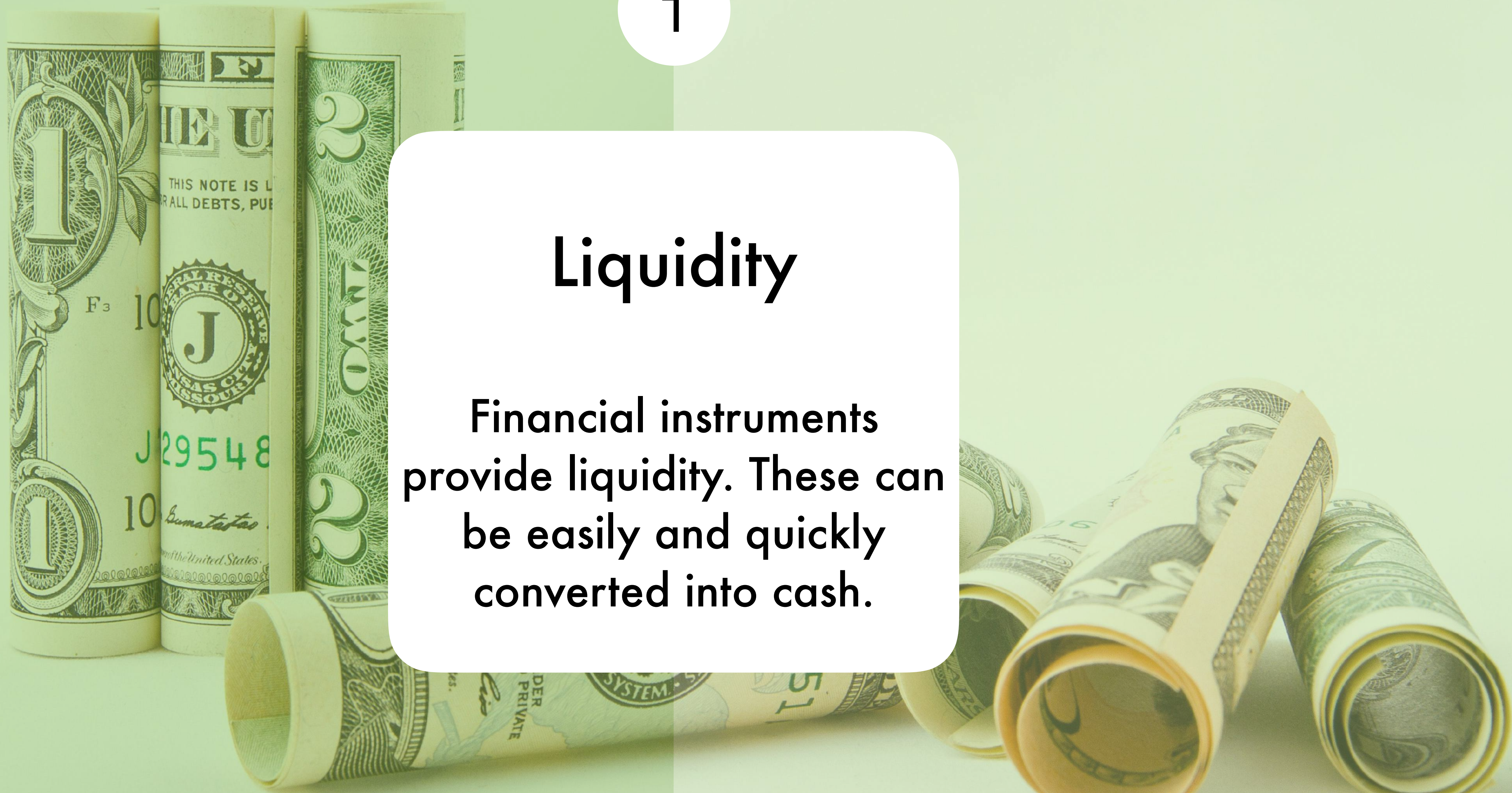
Future Trading

*Characteristics of
Financial Instrument*

1

Liquidity

Financial instruments provide liquidity. These can be easily and quickly converted into cash.



2

Marketable

Financial instruments facilitate easy trading on the market. They have a ready market.





3

Collateral Value

Financial instruments can be pledged for getting loans.

4

Transferability

Financial instruments can be transferred from one person to another.



Sep

S	M	T	W	T	F	S
						1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30						

Oct

S	M	T	W	T	F	S
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14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29					

Nov

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18	19	20	21	22	23	24
25	26	27	28	29	30	

Dec

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9	10	11	12	13	14	15
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23	24	25	26	27	28	29
30	31					

2019

Jan

S	M	T	W	T	F	S
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27	28	29	30	31		

Feb

S	M
3	4
10	11
17	18
24	25

Apr

F	S	S	M	T	W	T	F	S
		1	2	3	4	5	6	
8	9							
15	16							
22	23							
29	30							

5

Maturity Period

The maturity period of financial instruments may be short term, medium term or long term.

6

Transaction Cost

Financial instruments involve buying and selling cost. The buying and selling costs are called transaction costs.



7

Risk

Financial instruments carry risk. Equity based instruments are riskier in comparison to debt based instruments because the payment of dividend is uncertain.

8

Future Trading

Financial instruments facilitate future trading so as to cover risks arising out of price fluctuations, interest rate fluctuations etc.





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Liquidity

Marketable

Collateral Value

Transferability

Maturity Period

Transaction Cost

Risk

Future Trading

*Characteristics of
Financial Instrument*

TYPES OF FINANCIAL SYSTEM

FORMAL

INFORMAL

Financial Market

01

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Traders

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Friends, Relatives

05

Financial Services

- Financial services are services which involves investment, lending, and management of money and assets.
- Financial services are needed for the following activities:
 - (i) Borrowing and lending
 - (ii) Investing
 - (iii) Buying and selling securities
 - (iv) Making and enabling payments and settlements
 - (v) Managing risk
- The producers of financial services are financial intermediaries or institutions such as
 - banks,
 - insurance companies,
 - mutual funds and
 - stock exchanges.
- Financial services rendered by financial institutions bridge the gap between lack of knowledge on the part of investors and latest trends in the financial instruments and markets. These financial services are essential for the
 - creation of new business,
 - expansion of existing industries and
 - economic growth.



Types of Financial Services

Investment
Banking

Credit Rating

Consumer
Finance

Factoring

Housing
Finance

Asset
Restructuring
/ Management
Company

Depository
Services

Debit Cards

Online Share
Trading

Introduction

01. Investment Banking

- It is the term used to describe the business of raising capital for companies.
- Investment banks sell securities to public investors in order to raise the cash. These securities can come in the form of stocks or bonds.



01. Investment Banking

- Please note that Investment banking isn't one specific service or function. It is an umbrella term for a range of activities

Issue of IPO

Issue of Debt

Follow on Offering of Stock

Private Placement

Mergers & Acquisition

Financial Restructuring

The Players

01. Investment Banking

**Goldman
Sachs**

Bank of America®



Merrill Lynch

Morgan Stanley

J.P.Morgan

citi

CREDIT SUISSE

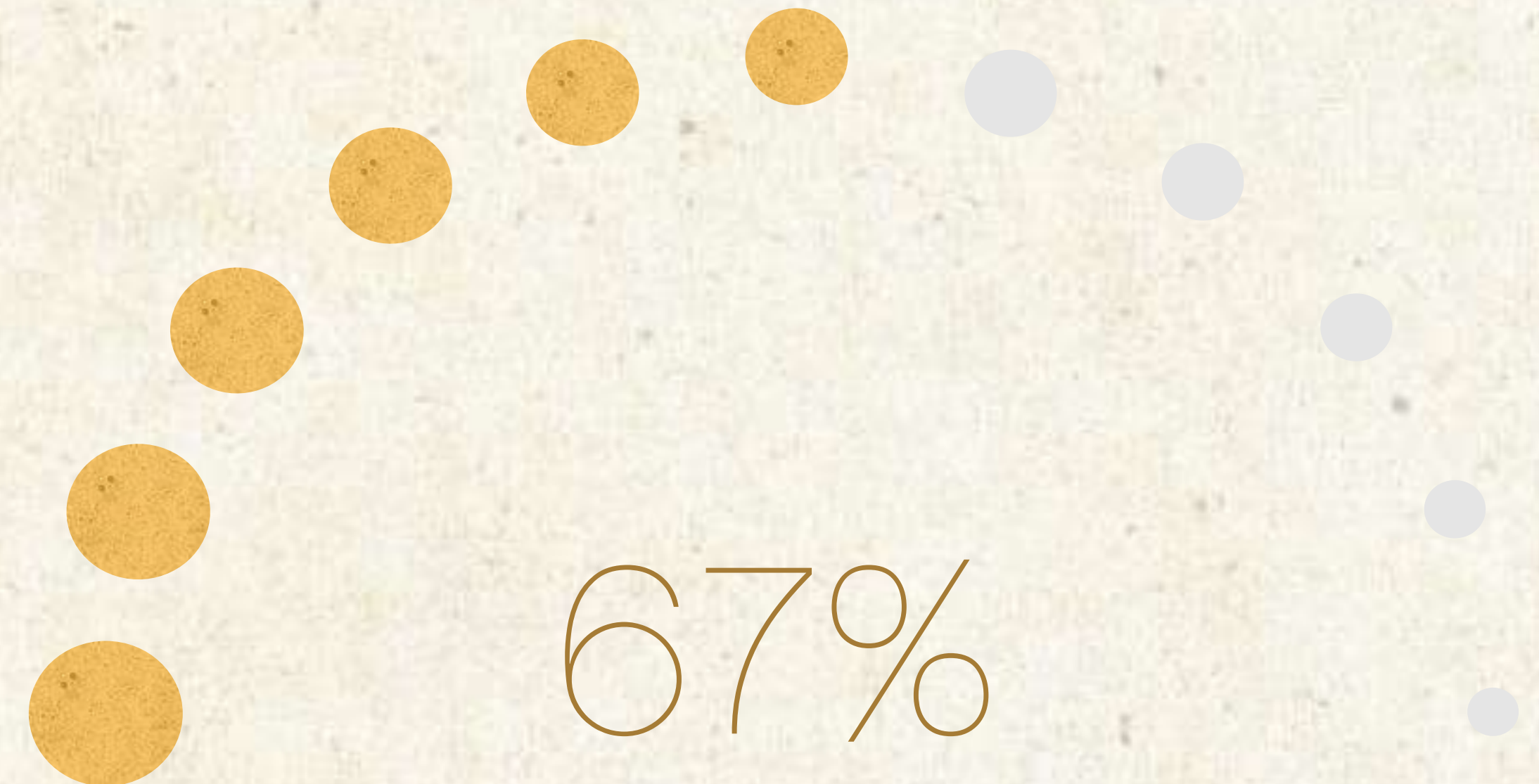


BARCLAYS

Introduction

Credit Rating means an assessment made from credit-risk evaluation, translated into a current opinion as on a specific date on the quality of a specific debt security issued or on obligation undertaken by an enterprise in terms of the ability and willingness of the obligator to meet principal and interest payments on the rated debt instrument in a timely manner.

02. Credit Rating

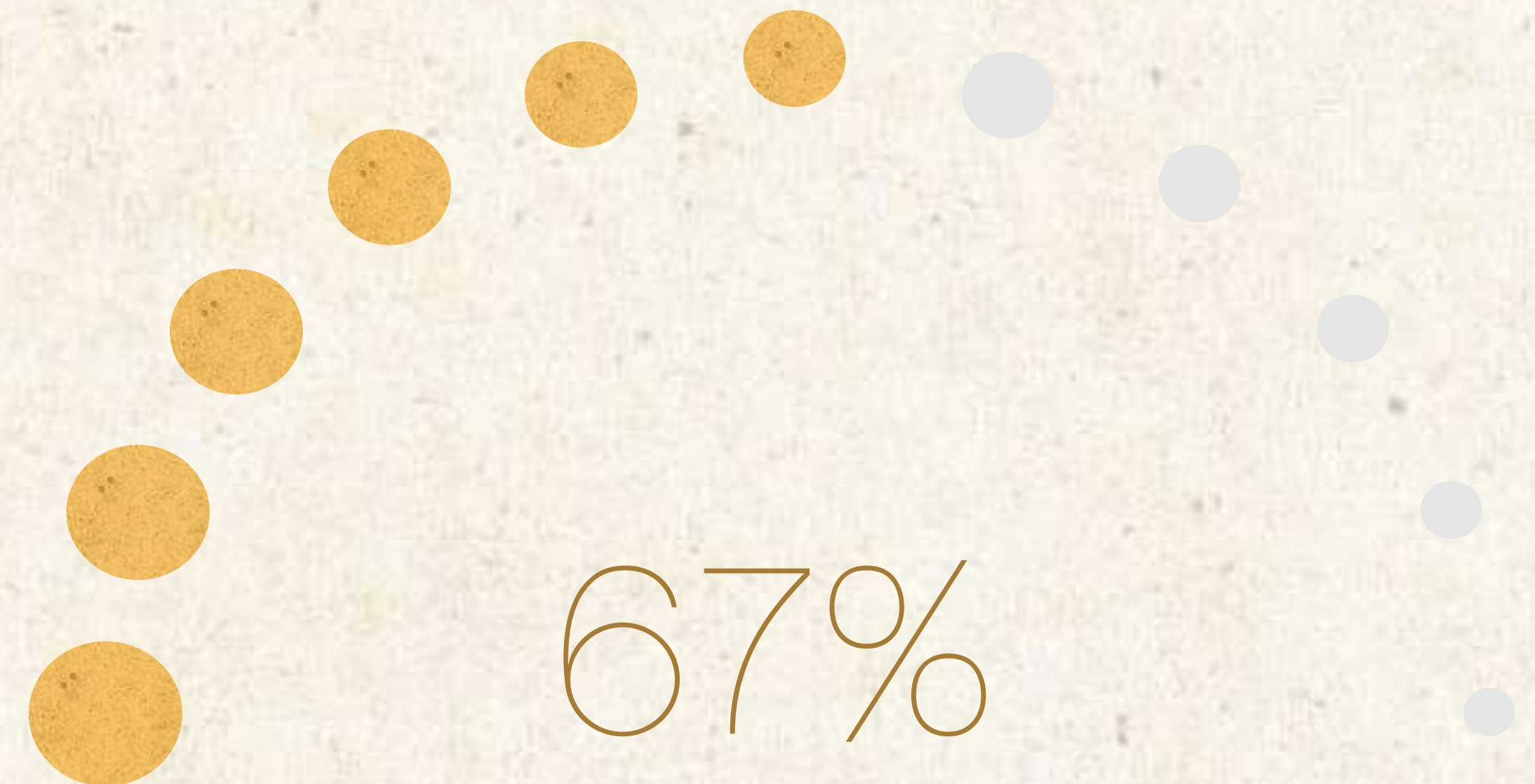


Introduction

Credit Rating is:

- An expression of opinion of a rating agency.
- The opinion is in regard to a debt instrument.
- The opinion is as on a specific date.
- The opinion is dependent on risk evaluation.
- The opinion depends on the probability of interest and principal obligations being met timely.

02. Credit Rating



02. Credit Rating

- Following rating services are generally provided by the credit rating agencies. For this purpose, the example of CARE has been taken:

Credit Rating

Information Services

Equity Research

Types

02. Credit Rating

1.

Banks and
Financial
Institution
ratings

2.

IPO Grading

3.

Structured
Finance Ratings

4.

Sub-sovereign
ratings

5.

Issuer Rating

6.

Insurance/ CPA
ratings

7.

Corporate ratings

8.

Infrastructure
ratings

9.

Corporate
Governance
ratings

10.

Fund credit
Quality rating

02. Credit Rating

Objectives of Credit Rating

Uses of Credit Rating

Credit Rating Process

Credit Rating Methodologies

CAMEL Model in Credit Rating

Rating Revision

Rating Agencies in India & Abroad

Credit Rating Agencies & the US Sub Prime Crisis

Limitations of Credit Rating

Introduction

03. Consumer Finance

Consumer credit provides short term/medium term loans to finance purchase of goods or services for personal use.



Sources

03. Consumer Finance

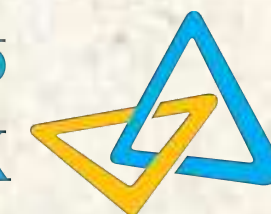
There are four important sources of consumer finance viz

1. manufacturers/sellers/dealers,
2. finance companies,
3. banks and
4. credit card companies.



बैंक ऑफ़ बड़ौदा
Bank of Baroda

केनरा बैंक
Canara Bank



ICICI Bank



kotak
Kotak Mahindra Bank



AXIS BANK

IndusInd
Bank



Jiyo Befikar

- Factoring implies a financial arrangement between the factor and client, in which the firm (client) gets advances in return for receivables, from a financial institution (factor). It is a financing technique, in which there is an **outright selling of trade debts by a firm to a third party, i.e. factor, at discounted prices.**

- This concept has not been fully developed in our country and most of their work is done by companies themselves.
- All units' particularly small or medium size units have to make considerable efforts to realize the sale proceeds without much success creating functional difficulties for such units.
- Many a units under small-scale sector have become sick only because of delay/non-realisation of their dues from large units.
- Introduction of factoring services will, therefore, prove very beneficial for such units as it will free the units from hassles of collecting receivables to enable them to concentrate on product development and marketing.

Demand

05. Housing Finance

The demand for Housing Finance comes from:

- 1) Salary earners and self-employed professionals with their basic need of a roof over their head.
- 2) Nonresidents having an eye on capital appreciation of the asset or with an eye to their possible resettlement in India for NRIs.



Supply

05. Housing Finance

The supply of loans comes from:

- A. LIC, National Housing Bank in the government sector.
- B. Private Sector housing companies viz. HDFC, Commercial Banks etc.
- C. Non Banking Finance Companies, Nidhis and Chit funds, Co-operative and Credit Societies, employers extending staff loans for housing, beside private money lenders.



Jiyo Befikar



Muthoot Finance

06. Asset Restructuring/Management Company

- Asset reconstruction company's (ARC) first task is to manage and convert the sick companies or those companies whose NPA's rose to a significant level into profitable ones.
- But, the ARC's face the risk of suffering loss if the company they are trying to manage may land itself into insolvency.
- However, if properly managed, the ARC's may be able to recover them from financial distress, convert them into profitable ones and transfer them to worthy candidates.
- ARC's charge a commission or fee from the distressed company for their services. money lenders.

ARCs

ARC NAME	ARC NAME	ARC NAME	ARC NAME
Asset Reconstruction Company (India) Limited	Mumbai	International Asset Reconstruction Company Pvt Ltd	New Delhi
Assets Care & Reconstruction Enterprise Ltd	New Delhi	Reliance Asset Reconstruction Company Limited	Mumbai
ASREC (India) Limited	Mumbai	Pridhvi Asset Reconstruction And Securitisation Company Ltd	Hyderabad
Pegasus Assets Reconstruction Pvt Ltd	Mumbai	Phoenix ARC Private Limited	
Alchemist Asset Reconstruction Company Limited	New Delhi	Invent Assets Securitisation Reconstruction Pvt Ltd	Mumbai

AMC

06. Asset Restructuring/Management Company

- Asset Management Companies (AMC's) pool large amount of funds from various source of investors and invest these pooled resources in diverse securities by paying out proportional returns to the investors.
- Simply put, they help their client to invest money and buy securities.
- They decide what to buy by relying on in-house research and data analytics. AMC's charges a small fee for this sort of work.

Top 10 AMCs

As on 18th October, 2018

AMC NAME		AUM (CRORES)	AMC NAME		AUM (CRORES)
ICICI Prudential Mutual Funds		310681	UTI Mutual Fund		165946
HDFC Mutual Funds		306588	Kotak Mahindra Mutual Fund		134583
BIRLA SunLife Mutual Funds		254451	Franklin Templeton Mutual Fund		111403
SBI Mutual Funds		254146	DSP Mutual Fund		95457
Reliance Mutual Fund		245450	Axis Mutual Fund		73753

07. Depository Services

Depository system is concerned with

- settlement of trades in electronic segment,
- electronic transfer of ownership of shares and
- electronic custody of securities.

All securities in the depositories are identical in all respects and are thus fungible.

The ownership and transfer of securities take place by means of book entries, avoiding the risks associated with paper.

Players

07. Depository Services



CDSL

Central Depository Services
(India) Limited



NSDL

Technology, Trust & Reach

National Securities Depository
Limited

Introduction

- Debit cards are also known as cheque cards.
- A debit card is a plastic card that provides the cardholder electronic access to his or her bank account(s) at a financial institution.
- Debit cards look like credit cards or ATM (automated teller machine) cards, but operate like cash or a personal cheque.
- Debit cards are different from credit cards. While a credit card is to “pay later,” a debit card is to “pay now.”
- When one uses a debit card his money is immediately deducted from his cheque or savings account.

08. Debit Card



Image

08. Debit Card



Image

08. Debit Card



09. Online Share Trading

- Online stock trading is an internet based stock trading facility where investor can trade shares through a website without any manual intervention from the broker.
- It also provides investors with rich, interactive information in real time including market updates, investment research and robust analysis.

Sharekhan

by BNP PARIBAS

MARKETS

All

Sharekhan Kar

HELPMY WATCHLISTMY PORTFOLIOHI, MAYANKEQUITY

1

0

NIFTY : 10334.75 -118.30 (-1.13%) OPEN

SENSEX : 34419.13 -360.45 (-1.04%) OPEN

USDINR : 73.5150 -0.17 (-0.23%) OPEN

ACTIVE

FRI 19/10/2018 12:11:53 PM

1616225

LOGOUT

EQ DASHBOARD

ACCOUNTS

MARKETWATCH

TRADE NOW

REPORTS

PORTFOLIO

RESEARCH

CHART

NEWS

IPO/BONDS

NORMAL ORDER

SIMPLE ORDER

BRACKET ORDER

BRACKET+TRAILING ORDER

TOP PICKS BASKET

STOCK SIP BASKET

BASKET ORDER

NSE

BSE

NSEFO

NSECURR

MCXCURR

Enter Scrip Name

Place Order

Confirm Order

Track Order

ICICIBANK(NSE)

317.40

2.60 (0.83%)

19/10/2018 12:12:24

Buy/Sell

Buy

Quantity

200

Price ('0' is Mkt Order)

317.85

Trigger Price

0

Disc. Quantity

0

Validity

GFD [Day order]

NORMAL

BRACKET

BRACKET+TSL

PLACE ORDER

RESET

Open	High	Low	Close	Vol
312.85	321.50	310.20	314.80	33250.65

Buyers	Bid Qty	Bid Price	Sellers	Offer Qty	Offer Price
2	239	317.35	5	135	317.40
3	2791	317.30	5	435	317.45
6	3406	317.25	5	1280	317.50
9	5525	317.20	3	368	317.55
10	2269	317.15	7	1642	317.60

19/10/2018 12:12:24

Buy Margin%	Buy Margin Req.	ShortSell Margin%	ShortSell Margin Req.
15.00	47.69	15.00	47.69

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Types of Financial Services

Investment
Banking

Credit Rating

Consumer
Finance

Factoring

Housing
Finance

Asset
Restructuring
/ Management
Company

Depository
Services

Debit Cards

Online Share
Trading

TYPES OF FINANCIAL SYSTEM

FORMAL

INFORMAL

Financial Market

01

Financial Instrument

02

Financial Services

03

Financial Institutions

04

Financial Regulators

05

Money Lenders

01

Group of Persons

02

Pawn Brokers

03

Traders

04

Friends, Relatives

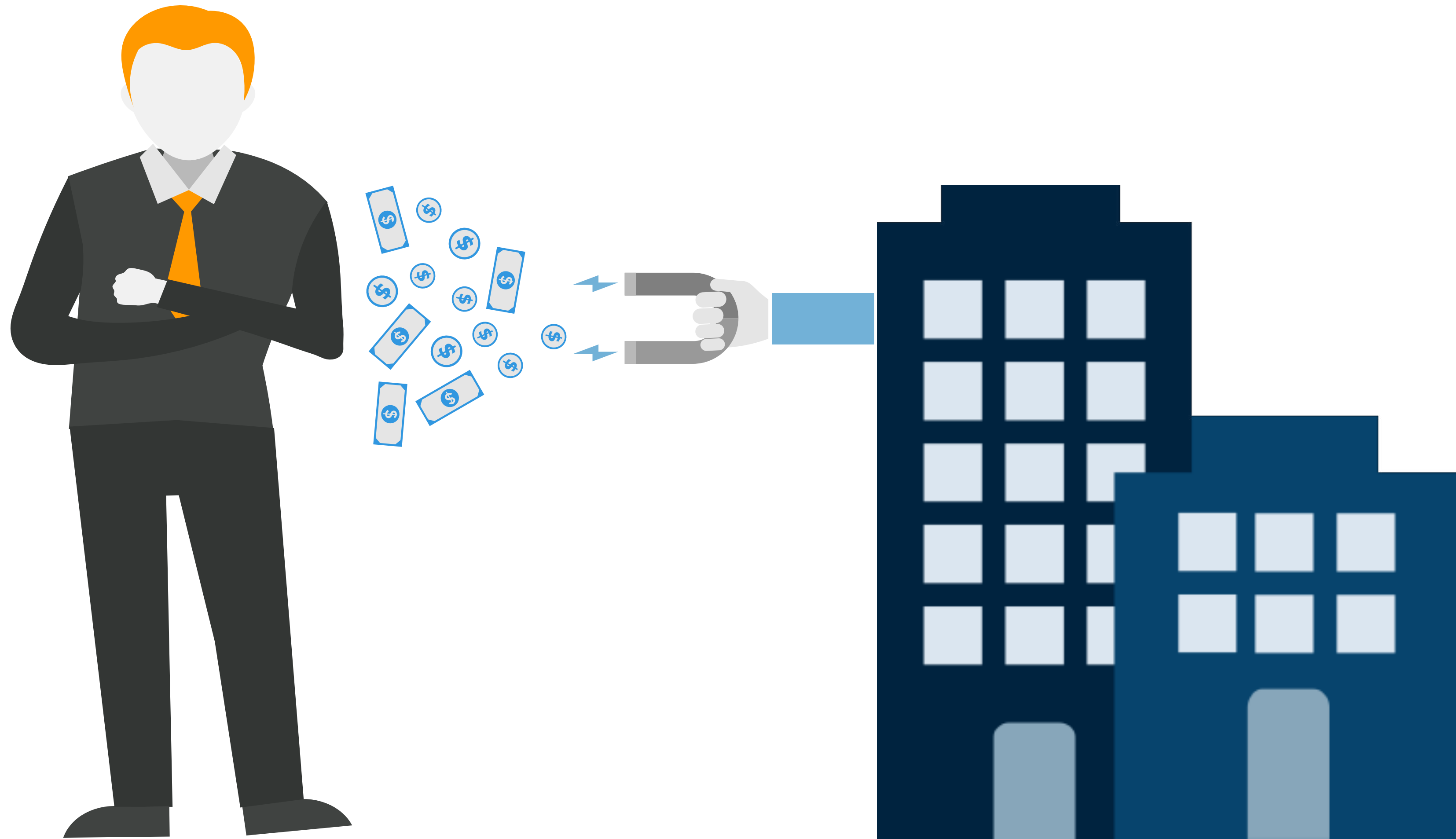
05

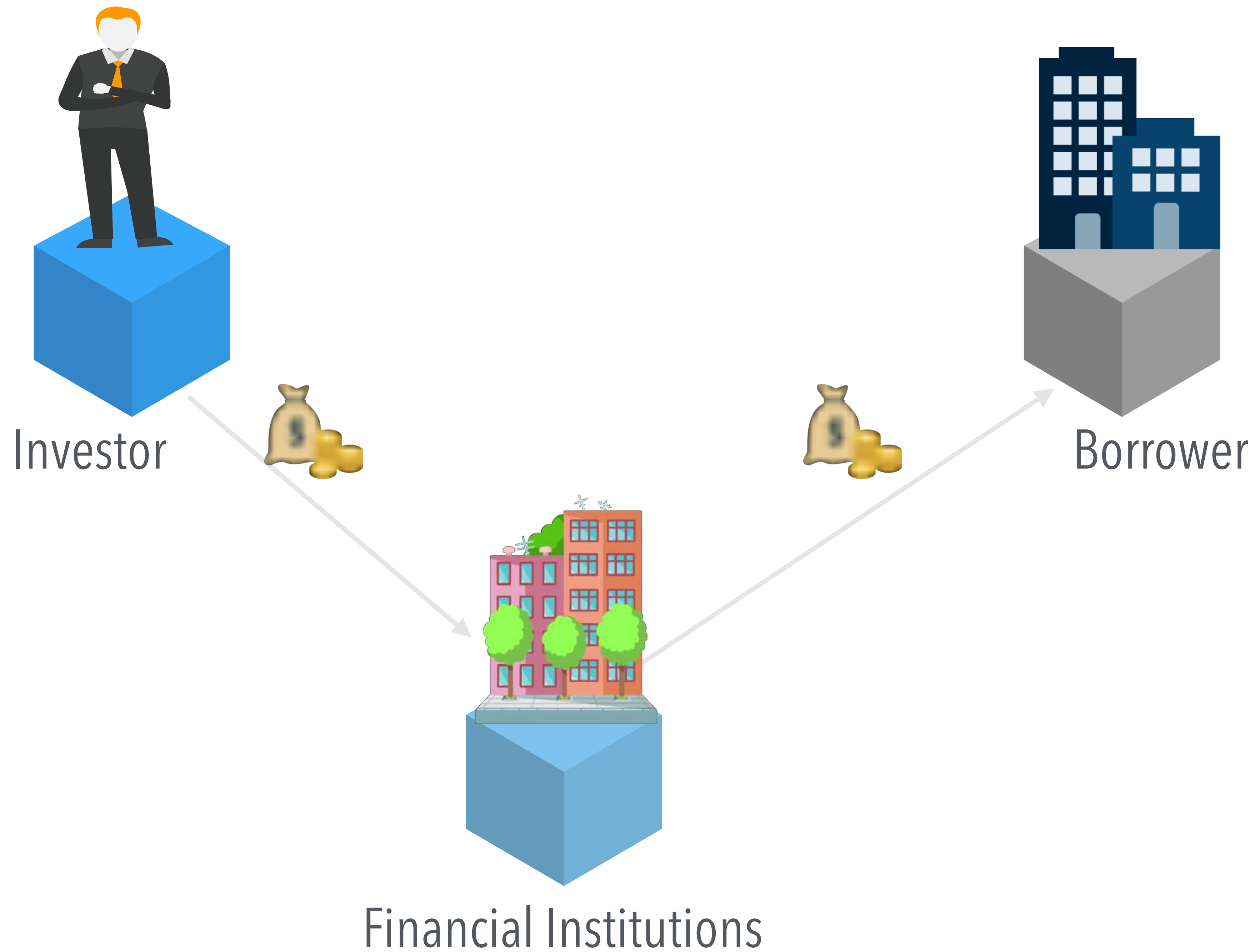
Lender-Savers

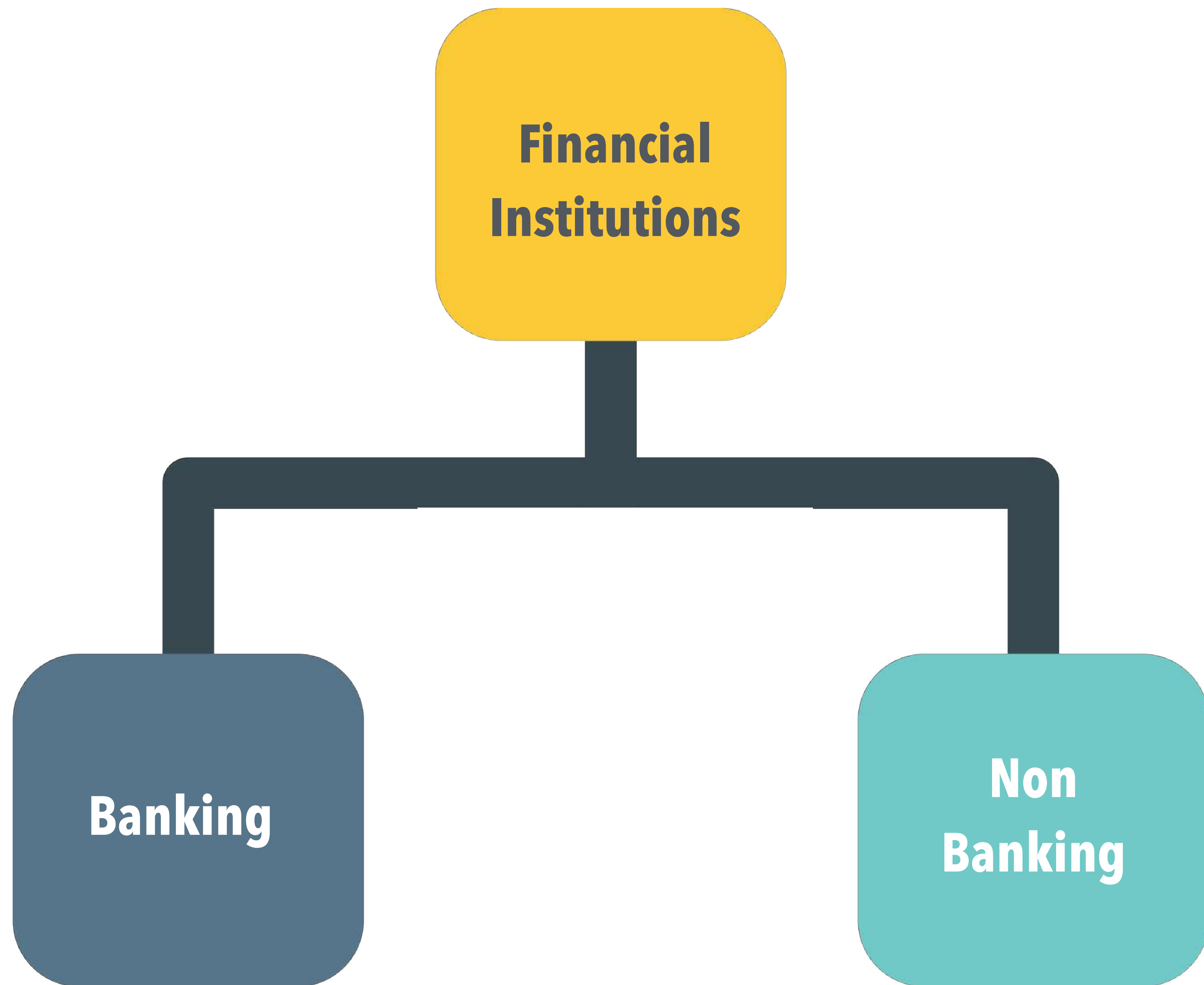
1. House holds
2. Business Firms
3. Government
4. Foreigners

Borrowers-Spenders

1. House holds
2. Business Firms
3. Government





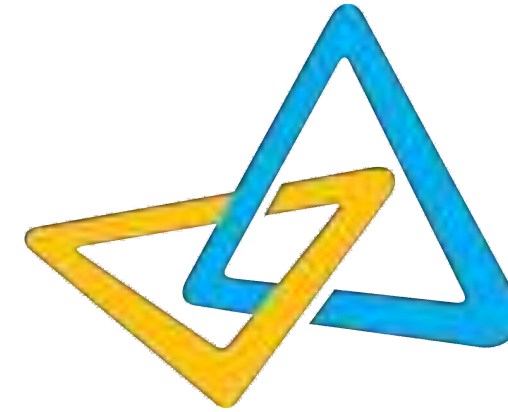


Banking Financial Institutions



बैंक ऑफ़ बड़ौदा
Bank of Baroda

केनरा बैंक
Canara Bank



ICICI Bank



kotak
Kotak Mahindra Bank

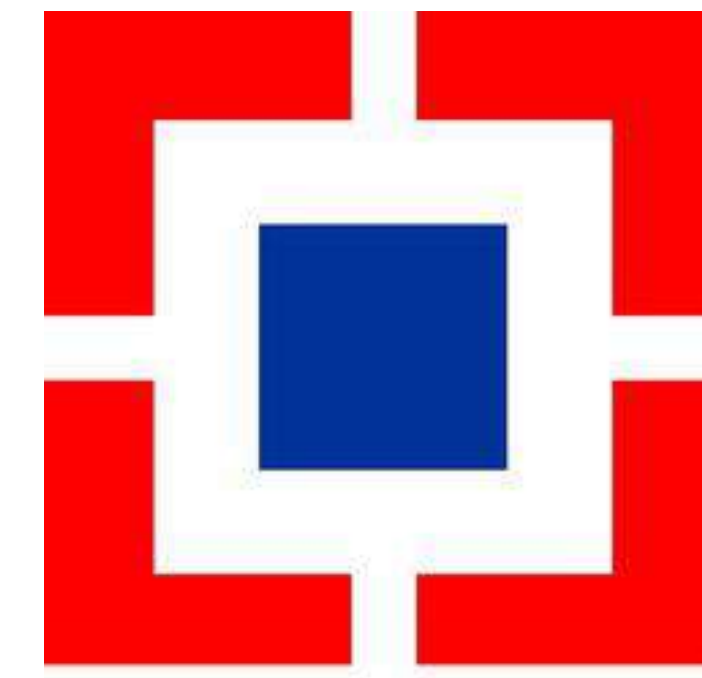


AXIS BANK

IndusInd
Bank



Relationships beyond banking.



HDFC BANK



State Bank of India



सेन्ट्रल बैंक ऑफ़ इंडिया
Central Bank of India



Non-Banking Financial Institutions



Mahindra FINANCE



Differentiation

Banking Financial Institute

Non Banking Financial Institute

An NBFC is a company that provides banking services to people without holding a bank license.



Non Banking Financial Institute

INCORPORATION

Banking Regulation Act,

Companies Act



Banking Financial Institute

Non Banking Financial Institute

DEMAND DEPOSIT

Accepted

Not Accepted



Banking Financial Institute

Non Banking Financial Institute

FOREIGN INVESTMENT

Allowed up to 74% for
private sector banks

Allowed upto 100%



Banking Financial Institute

Non Banking Financial Institute



PAYMENT & SETTLEMENT SYSTEM

Integral part of
system



Not a part of
system

Banking Financial Institute

Non Banking Financial Institute

MAINTENANCE OF RESERVE RATIOS

Compulsory

Not Required



Banking Financial Institute

Non Banking Financial Institute

DEPOSIT INSURANCE FACILITY



Available

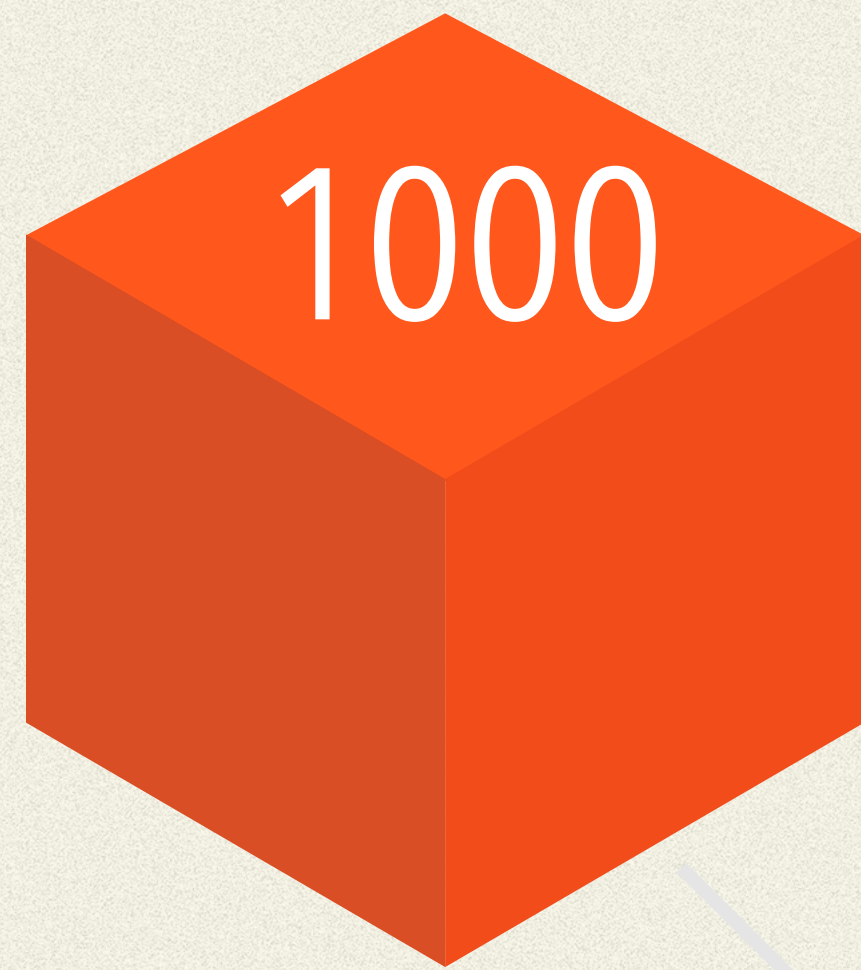
Not Available



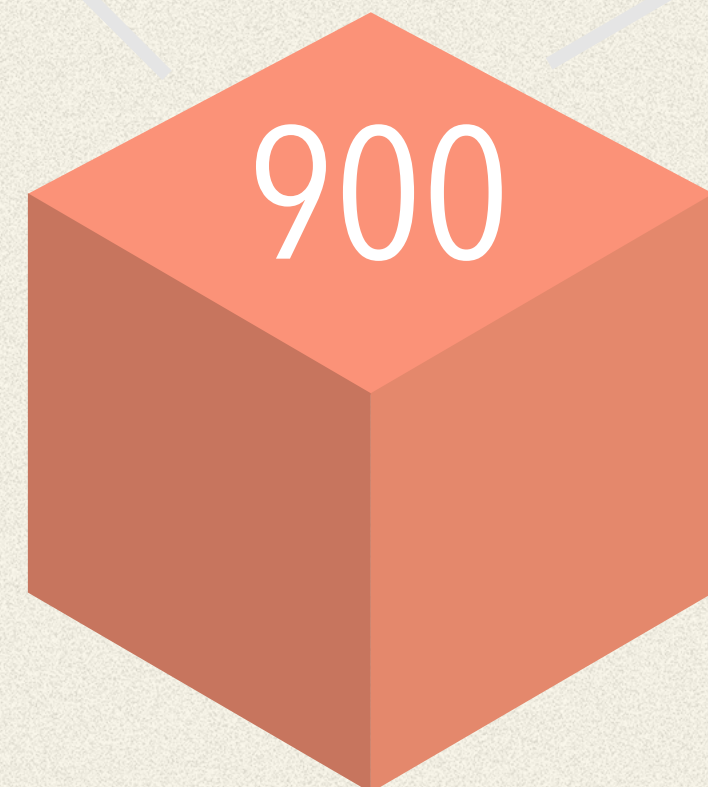
Banking Financial Institute

Non Banking Financial Institute

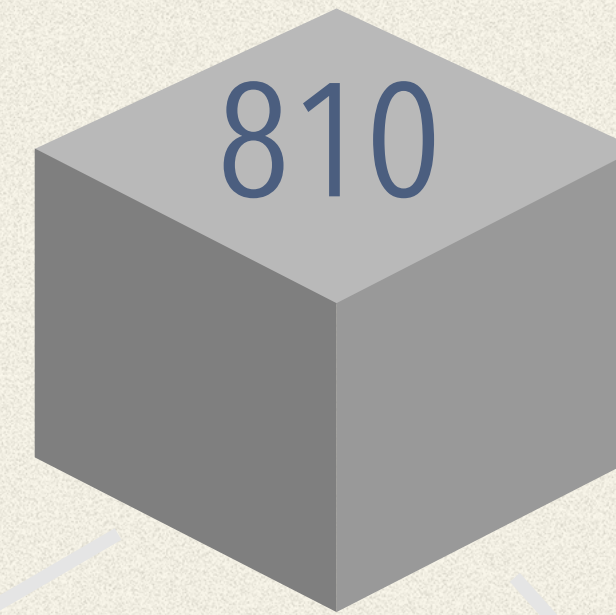
CREDIT CREATION



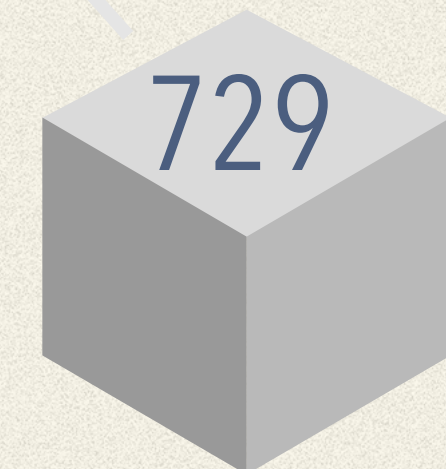
Banks create
credit



Banking Financial Institute



NBFCs do not
create credit



Non Banking Financial Institute



CREDIT CREATION

Deposit in Bank	10% Reserve	Lent by Bank
1000	100	900
900	90	810
810	81	729
729	73	656

TRANSACTION SERVICES

RISK MITIGATION **DOMESTIC & CROSS-BORDER PAYMENTS** **INTERNATIONAL TRADE FINANCE**

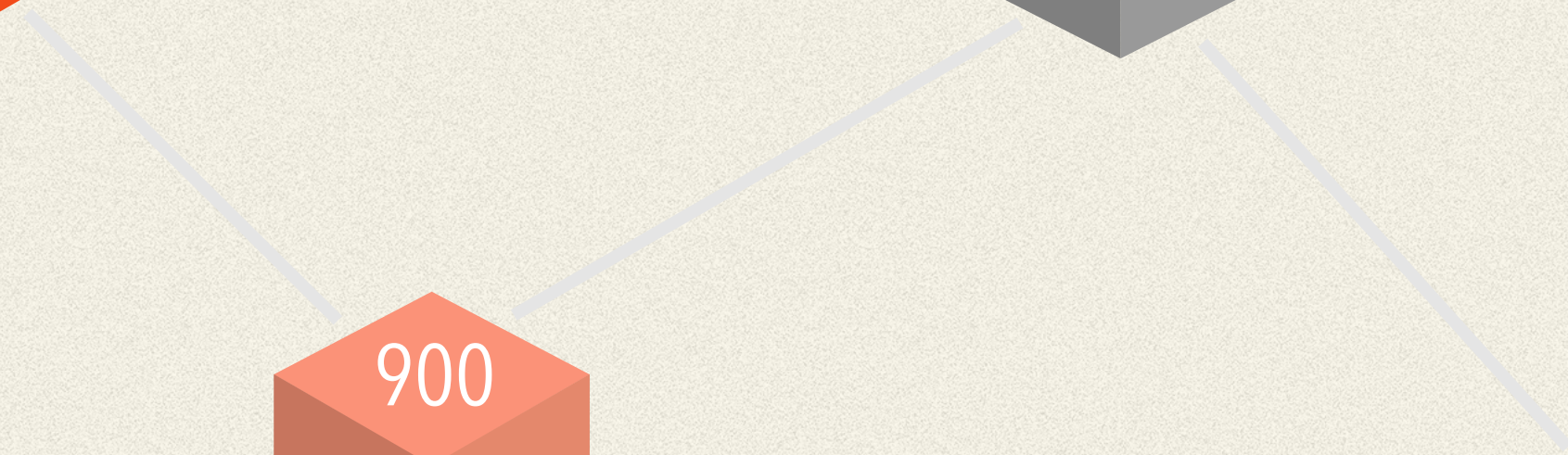
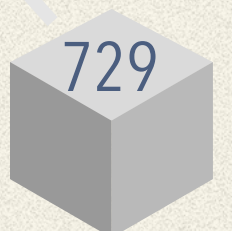
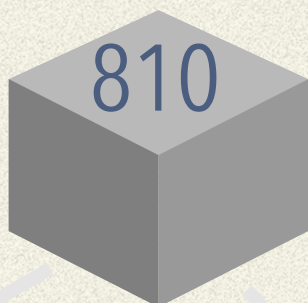
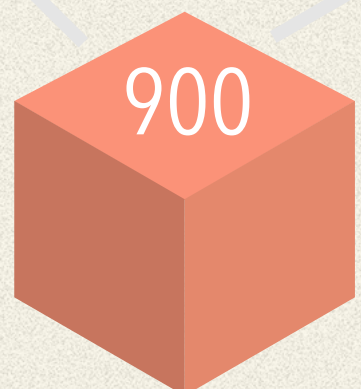
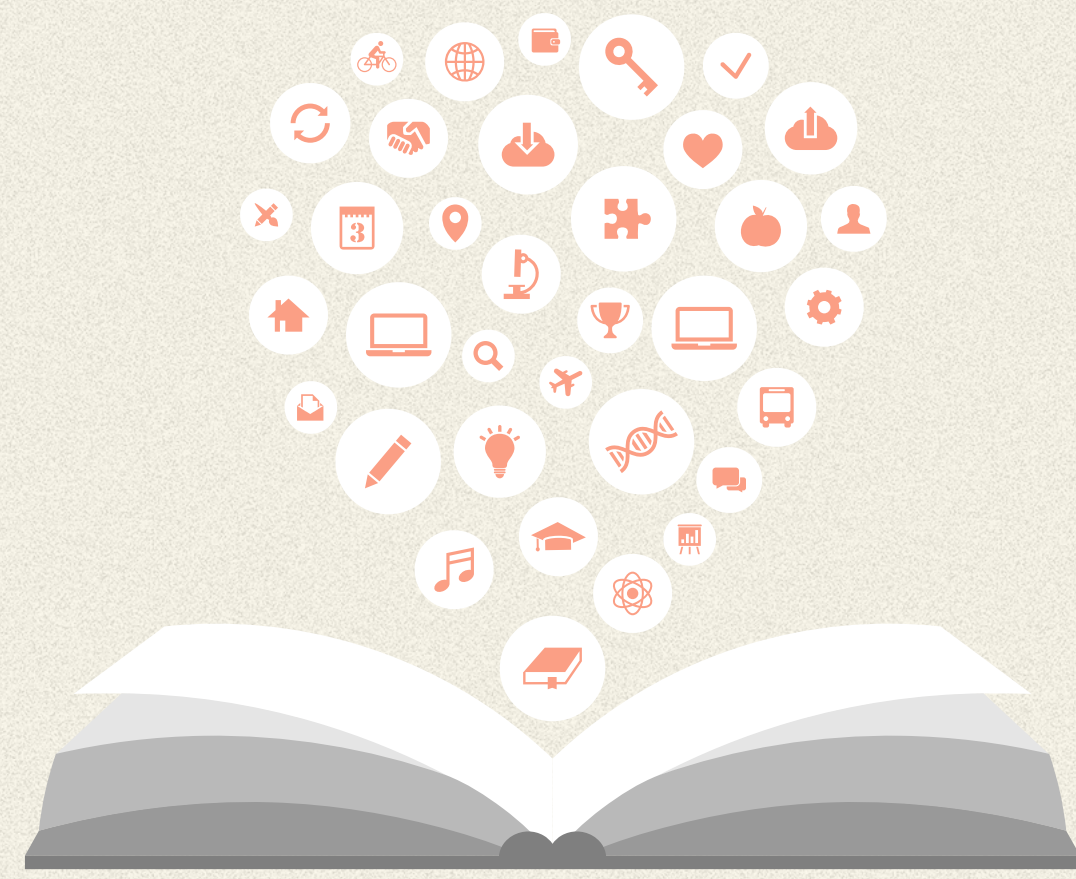


Provided by
Banks

Not provided by
NBFC

Banking Financial Institute

Non Banking Financial Institute





DIFFERENCE BETWEEN BANKING AND NON BANKING FINANCIAL INSTITUTIONS

BASIS FOR COMPARISON	BANK	NBFC
Meaning	Bank is a government authorized financial intermediary that aims at providing banking services to the general public.	An NBFC is a company that provides banking services to people without holding a bank license.
Incorporated under	Banking Regulation Act, 1949	Companies Act 1956
Demand Deposit	Accepted	Not Accepted
Foreign Investment	Allowed up to 74% for private sector banks	Allowed up to 100%
Payment and Settlement system	Integral part of the system.	Not a part of system.
Maintenance of Reserve Ratios	Compulsory	Not required
Deposit insurance facility	Available	Not available
Credit creation	Banks create credit.	NBFC do not create credit.
Transaction services	Provided by banks.	Not provided by NBFC.

TYPES OF FINANCIAL SYSTEM

FORMAL

INFORMAL

Financial Market

01

Financial Instrument

02

Financial Services

03

Financial Institutions

04

Financial Regulators

05

Money Lenders

01

Group of Persons

02

Pawn Brokers

03

Traders

04

Friends, Relatives

05



SEBI

Securities and Exchange Board of India



RBI

Reserve Bank of India



IRDA

Insurance Regulatory and Development Authority



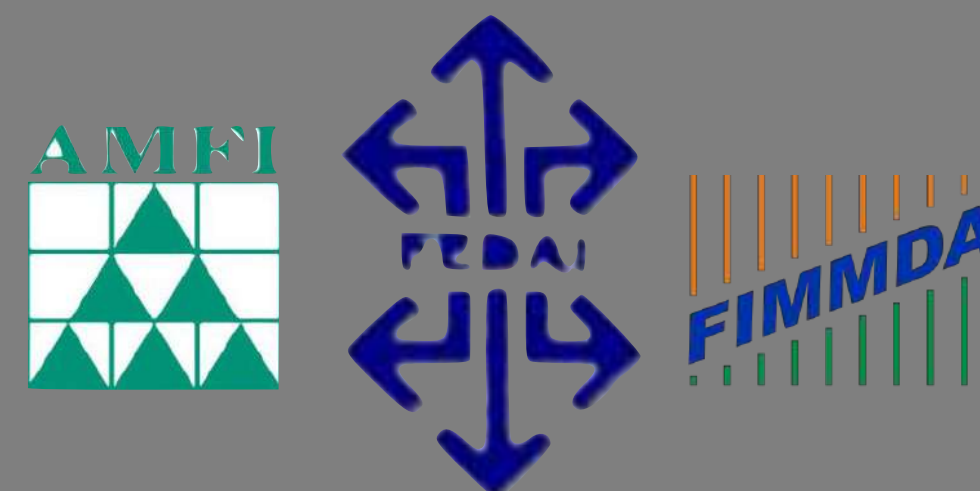
PFRDA

Pension Fund Regulatory and Development Authority



RERA

Real Estate Regulatory Authority



AMFI, FEDAI, FIMMDA

1. Association of Mutual Funds of India
2. Foreign Exchange Dealers Association of India
3. Fixed Income Money Market and Derivatives Association of India



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SEBI



01

SEBI



FULL
FORM



Securities & Exchange Board of India



LOGO

EBi



FORMED



April 12, 1992

SEBI has its headquarters at the business district of Bandra Kurla Complex in Mumbai,





CHAIRMAN



Name	From	To
Ajay Tyagi	10 February 2017	present
U K Sinha	18 February 2011	10 February 2017
C. B. Bhav	18 February 2008	18 February 2011
M. Damodaran	18 February 2005	18 February 2008
G. N. Bajpai	20 February 2002	18 February 2005
D. R. Mehta	21 February 1995	20 February 2002
S. S. Nadkarni	17 January 1994	31 January 1995
G. V. Ramakrishna	24 August 1990	17 January 1994
Dr. S. A. Dave	12 April 1988	23 August 1990

The preamble of the Reserve Bank of India describes its main functions as to regulate the issue of Bank Notes and keeping of reserves with a view to securing monetary stability in India and generally to operate the currency and credit system of the country to its advantage.

OBJECTIVE

01. Protect the interest of the investors
in securities



02. Promotes the development of
securities market

03. Regulating the securities market

FUNCTION
01



(a)

Regulating the business in stock
exchanges and any other securities
markets;

FUNCTION
02



(b)

registering and regulating the working of stock brokers, sub-brokers, share transfer agents, bankers to an issue, trustees of trust deeds, registrars to an issue, merchant bankers, underwriters, portfolio managers, investment advisers and such other intermediaries who may be associated with securities markets in any manner;

[(ba) registering and regulating the working of the depositories, [participants,] custodians of securities, foreign institutional investors, credit rating agencies and such other intermediaries as the Board may, by notification, specify in this behalf;]

FUNCTION
03



(c)

registering and regulating the working of
[venture capital funds and collective
investment schemes], including mutual
funds;

FUNCTION
04



(d)

promoting and regulating self-regulatory
organisations;

FUNCTION
05



(e)

prohibiting fraudulent and unfair trade
practices relating to securities markets;

FUNCTION
06



(f)

promoting investors' education and
training of intermediaries of securities
markets;

FUNCTION
07



(g)

prohibiting insider trading in securities;

FUNCTION
08



(h)

regulating substantial acquisition of
shares and take-over of companies;

FUNCTION
09



(i)

calling for information from, undertaking inspection, conducting inquiries and audits of the stock exchanges, mutual funds, other persons associated with the securities market intermediaries and self- regulatory organizations in the securities market;

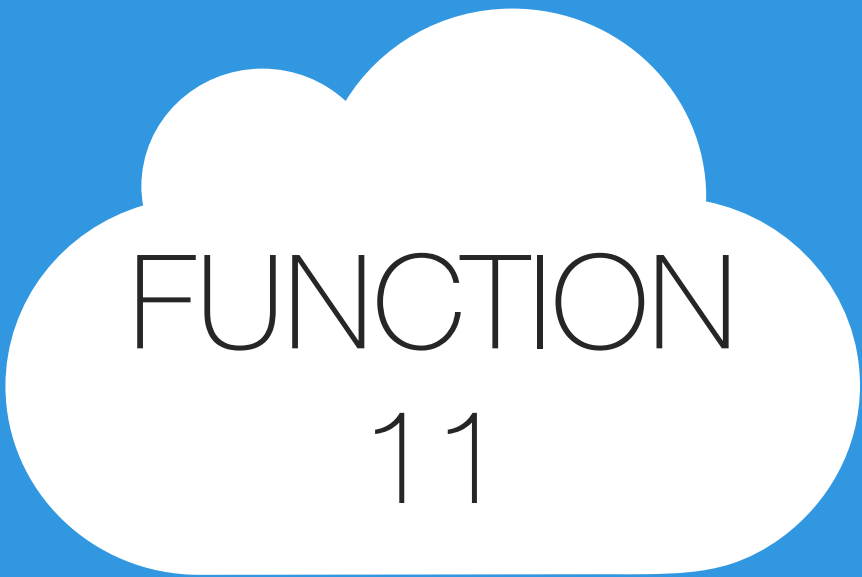
calling for information and record from any bank or any other authority or board or corporation established or constituted by or under any Central, State or Provincial Act in respect of any transaction in securities which is under investigation or inquiry by the Board;

FUNCTION
10



(j)

performing such functions and exercising such powers under the provisions of the Securities Contracts (Regulation) Act, 1956(42 of 1956), as may be delegated to it by the Central Government;



FUNCTION
11



(k)

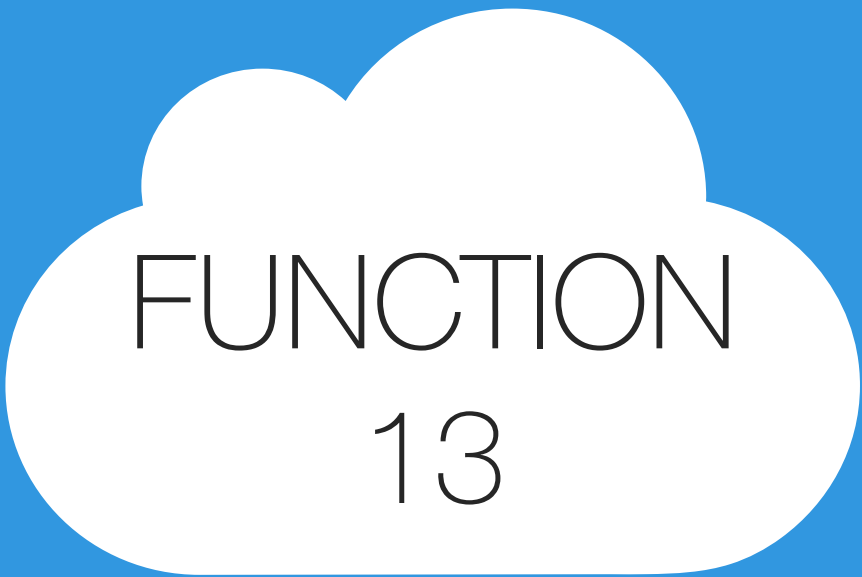
levying fees or other charges for carrying
out the purposes of this section;

FUNCTION
12

(I)

conducting research for the above
purposes;

(Ia) calling from or furnishing to any such agencies, as may be specified by the Board, such information as may be considered necessary by it for the efficient discharge of its functions;



FUNCTION
13



(m)

performing such other functions as may
be prescribed.

1	Regulating the business in stock exchanges and any other securities markets;	8	Regulating substantial acquisition of shares and take-over of companies;
2	Registering and regulating the working of stock brokers, sub-brokers, share transfer agents, bankers to an issue, trustees of trust deeds, registrars to an issue, merchant bankers, underwriters, portfolio managers, investment advisers and such other intermediaries who may be associated with securities markets in any manner;	9	Calling for information from, undertaking inspection, conducting inquiries and audits of the stock exchanges, mutual funds, other persons associated with the securities market intermediaries and self- regulatory organizations in the securities market;
3	Registering and regulating the working of [venture capital funds and collective investment schemes],including mutual funds;	10	Performing such functions and exercising such powers under the provisions of the Securities Contracts (Regulation) Act, 1956(42 of 1956), as may be delegated to it by the Central Government;
4	Promoting and regulating self-regulatory organisations;	11	Levying fees or other charges for carrying out the purposes of this section;
5	Prohibiting fraudulent and unfair trade practices relating to securities markets;	12	Conducting research for the above purposes;
6	Promoting investors' education and training of intermediaries of securities markets;	13	Performing such other functions as may be prescribed.
7	Prohibiting insider trading in securities		

Functions of SEBI



SEBI

Securities and Exchange Board of India



RBI

Reserve Bank of India



IRDA

Insurance Regulatory and Development Authority



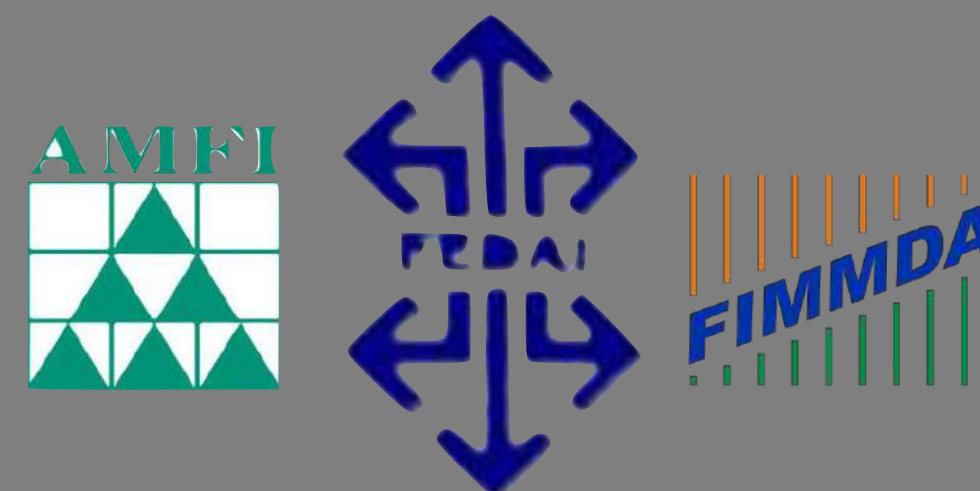
PFRDA

Pension Fund Regulatory and Development Authority



RERA

Real Estate Regulatory Authority



AMFI, FEDAI, FIMMDA

1. Association of Mutual Funds of India
2. Foreign Exchange Dealers Association of India
3. Fixed Income Money Market and Derivatives Association of India



Conferenza



RBI

New Central Office Building,
Shahid Bhagat Singh Road,
Mumbai



RBI



Conferenza.in



FULL
FORM

Reserve Bank of India



Conferenza.in

LOGO



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OPERATIONS

April 01, 1935



NATIONALISED



January 01, 1949

No.	Name	Term of office			No.	Name	Term of office			No.	Name	Term of office		
		Began	Ended	Length			Began	Ended	Length			Began	Ended	Length
1	Osborne Smith ^[1]	1 April 1935	30 June 1937	2 years, 90 days	11	N. C. Sen Gupta	19 May 1975	19 August 1975	92 days	20	Bimal Jalan	22 November 1997	6 September 2003	5 years, 288 days
2	James Braid Taylor ^[2]	1 July 1937	17 February 1943	5 years, 231 days	12	K. R. Puri	20 August 1975	2 May 1977	1 year, 255 days	21	Y. V. Reddy	6 September 2003	5 September 2008	4 years, 365 days
3	C. D. Deshmukh	11 August 1943	30 June 1949	5 years, 323 days	13	M. Narasimham	3 May 1977	30 November 1977	211 days	22	D. Subbarao	5 September 2008	4 September 2013	5 years
4	Benegal Rama Rau	1 July 1949	14 January 1957	7 years, 197 days	14	I. G. Patel	1 December 1977	15 September 1982	4 years, 288 days	23	Raghuram Rajan	4 September 2013	4 September 2016	3 years, 0 days
5	K. G. Ambegaonkar	14 January 1957	28 February 1957	45 days	15	Manmohan Singh	16 September 1982	14 January 1985	2 years, 120 days	24	Urjit Patel	4 September 2016	<i>Incumbent</i>	2 years, 38 days
6	H. V. R. Iyengar	1 March 1957	28 February 1962	4 years, 364 days	16	Amitav Ghosh	15 January 1985	4 February 1985	20 days	 				
7	P. C. Bhattacharya	1 March 1962	30 June 1967	5 years, 121 days	17	R. N. Malhotra	4 February 1985	22 December 1990	5 years, 321 days					
8	L. K. Jha	1 July 1967	3 May 1970	2 years, 306 days	18	S. Venkitaramanan	22 December 1990	21 December 1992	1 year, 365 days					
9	B. N. Adarkar	4 May 1970	15 June 1970	42 days	19	C. Rangarajan	22 December 1992	21 November 1997	4 years, 334 days					
10	S. Jagannathan	16 June 1970	19 May 1975	4 years, 337 days										



PAST
GOVERNOR



Urjit Patel

Governor :

Dec 04, 2016 - Dec 10, 2018



Conferenza.in



CURRENT
GOVERNOR



Shaktikanta Das

Governor :

Dec 12, 2018 - Incumbent



FUNCTIONS

The preamble of the Reserve Bank of India describes its main functions as to regulate the issue of Bank Notes and keeping of reserves with a view to securing monetary stability in India and generally to operate the currency and credit system of the country to its advantage.



FUNCTIONS

As per the RBI Act, 1934, RBI performs three types of functions:

- A. Banking Functions
- B. Supervisory Functions
- C. Promotional Functions

The preamble of the Reserve Bank of India describes its main functions as to regulate the issue of Bank Notes and keeping of reserves with a view to securing monetary stability in India and generally to operate the currency and credit system of the country to its advantage.



BANKING

01. Issuer of Bank Notes

- Under section 22 of the Reserve Bank of India Act, the bank has the sole right to issue bank notes of all denominations.
- The distribution of one rupee notes and coins and small coins all over the country is undertaken by the Reserve Bank as agent of the Government.



BANKING

02. To act as government banker, agent and adviser

- The second important function of the Reserve Bank of India is to act as Government banker, agent and adviser.
- The Reserve Bank is agent of Central Government and of all State Governments in India except the State of Jammu and Kashmir.



03. Bankers' Bank and Lender of the Last Resort

- The commercial banks always look up to RBI in case of any need for funds.
- Therefore, they are called bankers' bank and lender of the last resort.



BANKING

04. Controller of Credit

- RBI has the power to influence the volume of credit created by banks in India.
- It can do so through changing the Bank rate or through open market operations.
- RBI is also the selective controller of credit. It can direct the banks not to lend to certain people or group of people on the basis of certain types of securities.
- RBI also has the power to control the money market in India.
- Further, on every weekly Friday which is called the reporting Friday, the commercial banks have to report to the RBI that they are complying with CRR (presently 4%) and SLR (presently 19.5%) requirements.



BANKING

05. Custodian of Foreign Reserve

- The foreign exchange regulations under the law required that all foreign exchange receipts whether on account of export earnings, investment earnings, or capital receipts, whether on private account or on government account, must be sold to the RBI either directly or through authorized dealers (mostly commercial banks).
- This resulted in centralization of country's foreign exchange reserves with the RBI and facilitated planned utilization of these reserves, because all payments in foreign exchange is also controlled by the authorities



FUNCTIONS

As per the RBI Act, 1934, RBI performs three types of functions:

- A. Banking Functions
- B. Supervisory Functions
- C. Promotional Functions



SUPERVISORY

- Further, the RBI is authorized to carry out periodical inspection of the banks and to call for returns and necessary information from them.

- The Reserve Bank Act, 1934, and the Banking Regulation Act, 1949 have given the RBI wide power of supervision and control over commercial and co-operative banks, relating to
 - licensing and establishments,
 - branch expansion,
 - liquidity of their assets,
 - management and methods of working,
 - amalgamation,
 - reconstruction and
 - liquidation.
- Therefore, the supervisory functions of RBI have forced the banks to do their job on sound lines and to improve the methods of their operation



PROMOTIONAL

- People are encouraged to open Jan Dhan Account in urban and rural areas on the basis of their Aadhar Card.
- Now, people are asked to resort to online banking as the Government is promoting cashless economy.
- Earlier, the Reserve Bank has helped in the setting up of the
 1. Industrial Finance Corporation of India and
 2. State Financial Corporations;
 3. Deposit Insurance Corporation in 1962,
 4. Unit Trust of India in 1964,
 5. Industrial Development Bank of India also in 1964,
 6. Agricultural Refinance Corporation of India in 1963 and
 7. Industrial Reconstruction Corporation of India in 1972.



FUNCTIONS

As per the RBI Act, 1934, RBI performs three types of functions:

- A. Banking Functions
- B. Supervisory Functions
- C. Promotional Functions



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SEBI

Securities and Exchange Board of India



RBI

Reserve Bank of India



IRDA

Insurance Regulatory and Development Authority



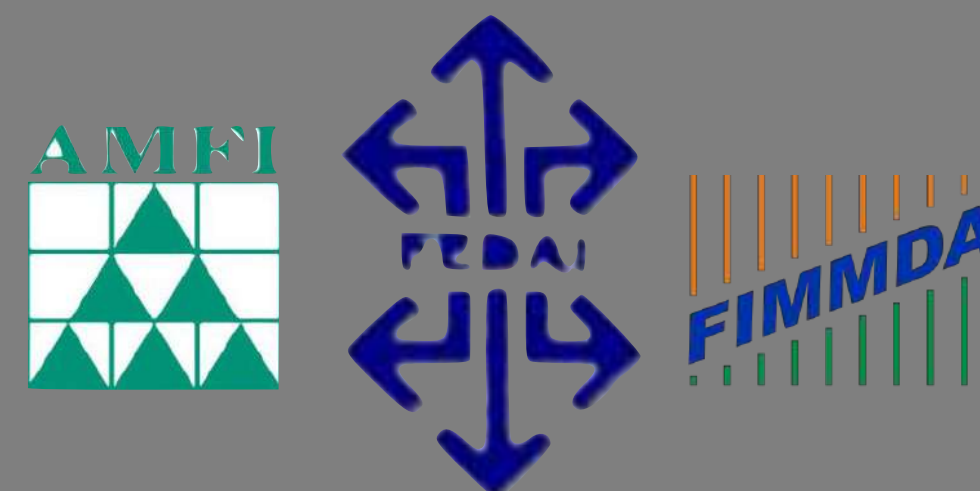
PFRDA

Pension Fund Regulatory and Development Authority



RERA

Real Estate Regulatory Authority



AMFI, FEDAI, FIMMDA

1. Association of Mutual Funds of India
2. Foreign Exchange Dealers Association of India
3. Fixed Income Money Market and Derivatives Association of India



IRDA



03

IRDA



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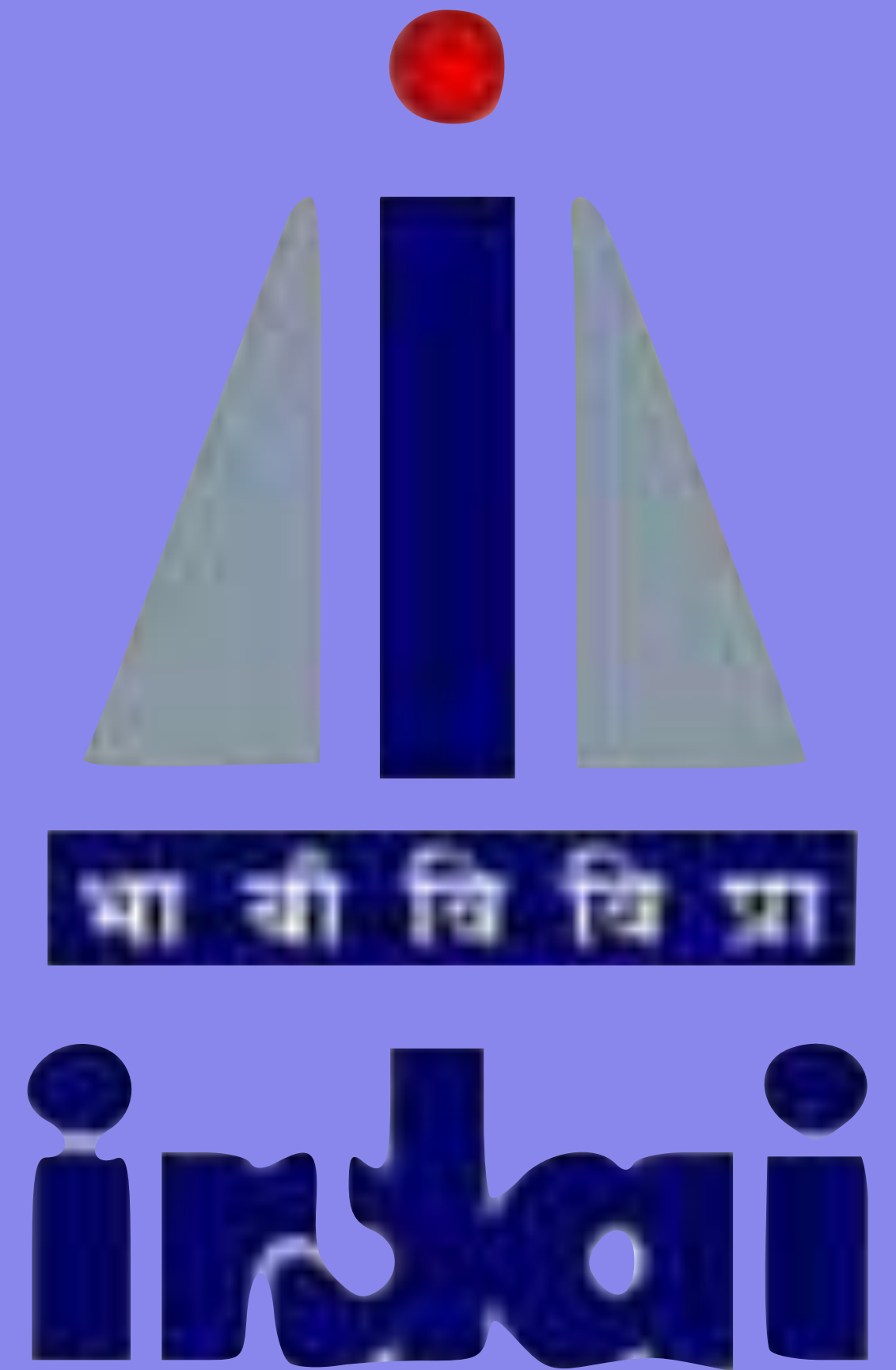


FULL
FORM

Insurance Regulatory & Development Authority



Conferenza.in





ACT
PASSED

1999



INCORPORATED



April 2000



OBJECTIVE

The main aim of the Insurance Regulatory and Development Authority of India is

1. to protect the interest of holders of Insurance policies
2. to regulate, promote and ensure orderly growth of Insurance industry & for matters connected therewith or incidental thereto.



3
TOPICS

4

Features of
IRDAI

16

Duties, Power
& Functions

12

Importance

FEATURES

1

The authority consists of chairman, whole time members & part time members and they act as a group of members and work jointly.

2

The authority has a perpetual succession. In case, if any member resigns or die, the authority still continues to work.

3

The authority has a common seal with power to enter into a contract by affixing stamp on the documents.

4

The authority can sue or be sued means the authority can file a case against any person or organization and vice versa.



FEATURES

1

Team

2

Perpetual
Succession

3

Common
Seal.

4

Can sue or be
sued





3
TOPICS

Insurance Regulatory & Development Authority

4

Features of
IRDAI

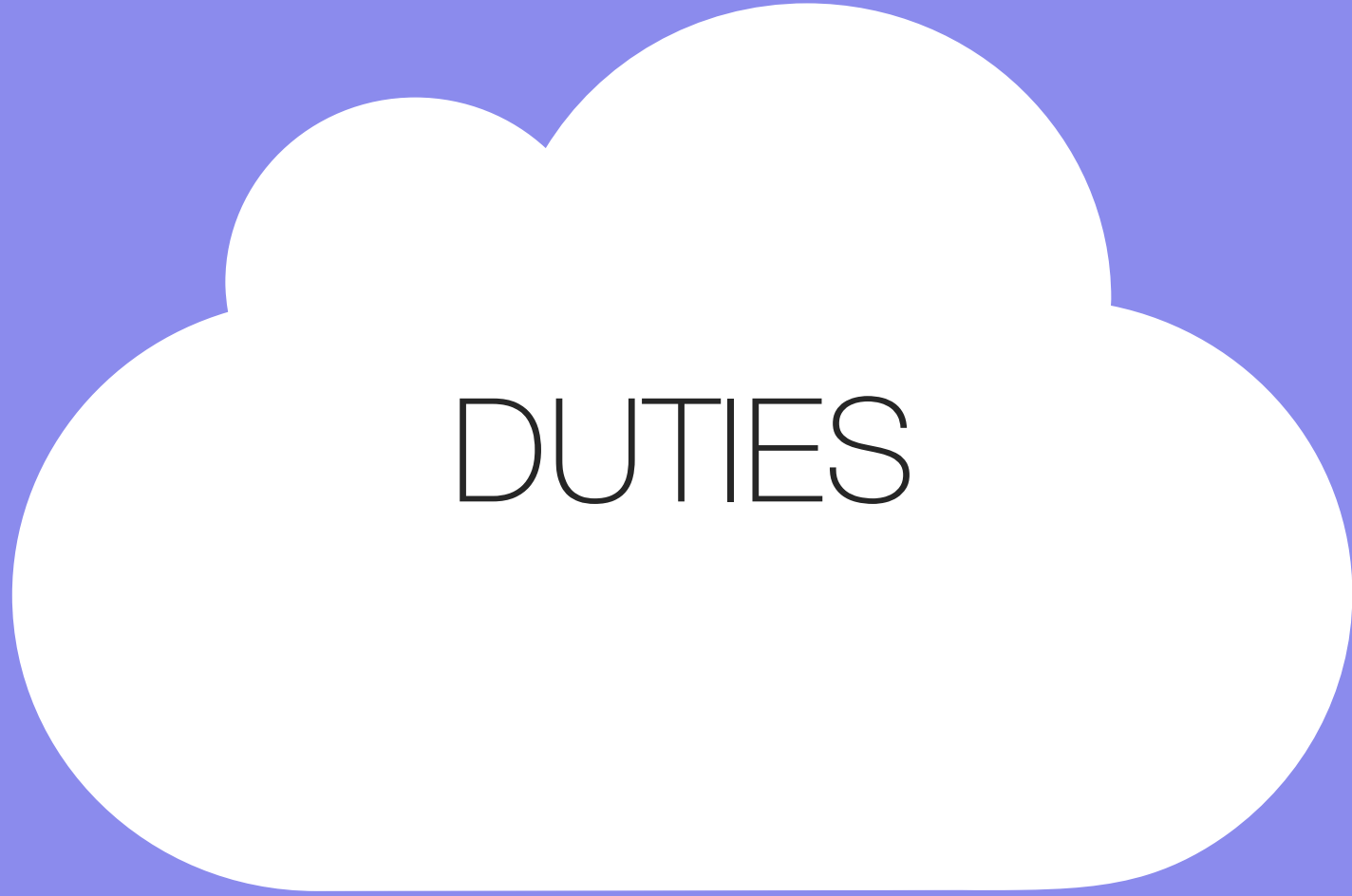
16

Duties, Power
& Functions

12

Importance





DUTIES

**Subject to the provisions of
this Act and any other law
for the time being in force,
the Authority shall have the
duty to regulate, promote
and ensure orderly growth
of the insurance business
and re-insurance business.**



POWER & FUNCTIONS

- 1 issue to the applicant a certificate of registration, renew, modify, withdraw, suspend or cancel such registration;
- 2 protection of the interests of the policy holders in matters concerning assigning of policy, nomination by policy holders, insurable interest, settlement of insurance claim, surrender value of policy and other terms and conditions of contracts of insurance;
- 3 specifying requisite qualifications, code of conduct and practical training for intermediary or insurance intermediaries and agents;
- 4 specifying the code of conduct for surveyors and loss assessors;

- 5 promoting efficiency in the conduct of insurance business;
- 6 promoting and regulating professional organisations connected with the insurance and re- insurance business;
- 7 levying fees and other charges for carrying out the purposes of this Act;
- 8 calling for information from, undertaking inspection of, conducting enquiries and investigations including audit of the insurers, intermediaries, insurance intermediaries and other organizations connected with the insurance business;

9

control and regulation of the rates, advantages, terms and conditions that may be offered by insurers in respect of general insurance business not so controlled and regulated by the Tariff Advisory Committee under section 64U of the Insurance Act, 1938 (4 of 1938);

10

specifying the form and manner in which books of account shall be maintained and statement of accounts shall be rendered by insurers and other insurance intermediaries;

11

regulating investment of funds by insurance companies;

12

regulating maintenance of margin of solvency;

- 13 adjudication of disputes between insurers and intermediaries or insurance intermediaries
- 14 supervising the functioning of the Tariff Advisory Committee;
- 15 specifying the percentage of premium income of the insurer to finance schemes for promoting and regulating professional organisations referred to in clause (f);
- 16 specifying the percentage of life insurance business and general insurance business to be undertaken by the insurer in the rural or social sector.



3
TOPICS

4

Features of
IRDAI

16

Duties, Power
& Functions

12

Importance



IMPORTANCE

01. Regulation of Insurance Sector

IRDA has a significant effect on the overall regulation of Indian Insurance Sector.

In order to keep the proper protection of the policy holder's interests, Insurance Regulatory and Development Authority (IRDA) closely observe the different activities of insurance sector in India.



IMPORTANCE

02. Protection of Policyholders Interests

The core objective or purpose of the Insurance Regulatory and Development Authority is to protect the interests of policyholders and IRDA is doing that with aplomb.



IMPORTANCE

03. Awareness to Insurance

In order to increase the awareness of insurance in the society, IRDA is trying to convince the prospective investors about the transparency of the system and the effort being put by the regulator to put this into practice.



IMPORTANCE

04. Insurance Market

Insurance sector has grown leap and bounds due to the concerted efforts of Insurance Regulatory and Development Authority with respect to marketing of insurance products, competition & customer awareness.



IMPORTANCE

05. Development of Insurance Product

Insurance Regulatory and Development Authority (IRDA) has brought a revolution in the development of insurance products.

The development of ULIPs (Unit-Linked Insurance Plans) is the result of privatization of the insurance sector.



IMPORTANCE

06. Competition in the Insurance Sector

After the advent of privatization in the insurance sector by inviting private players, competition in the insurance sector has increased significantly leading to comparatively cheaper services and greater customer satisfaction.



IMPORTANCE

07. Saving and Investment of Individual

Insurance Regulatory and Development Authority has made insurance a popular & profitable mode of investment and inculcate saving habits among various sections of the society.



IMPORTANCE

08. Government Responsibility

Insurance Regulatory and Development Authority (IRDA) has made it sure that uniformity in the insurance sector is being ensured by helping in constant increase in the number of insurers, increasing competition, number of diversified products and diversification in the activities of the insurers.



IMPORTANCE

09. Banks and Post Offices

Insurance sector is now giving security against any kind of uncertainty or risk, so the insurance sector has now become a popular medium for savings & investments and is gradually diverting the flow of funds from banks & post offices to insurance industry.



IMPORTANCE

10. Individual's Life

Insurance Regulatory and Development Authority has helped in developing an understanding of insurance by putting across a great impression over the life of a common man of the society.



IMPORTANCE

11. Stock Market

Private players in the insurance have developed ULIPs (Unit-Linked Insurance plans) in order to attract more customers. ULIP is a byproduct of modern insurance market.

Therefore, insurance products have made it simple for the companies to raise funds and have also attracted various sections of the society to invest in the stock market indirectly.



IMPORTANCE

12. Indian Economy

Insurance Regulatory and Development Authority has an impact over the economic development of the country because money invested by investors or individuals in various types of insurance products has channelized the funds of a country for a non-economic activity to economic activity & has made available to the governments of a country in order to implement the various developmental activities in the country.



IMPORTANCE OF IRDA

01. Regulation of Insurance Sector

02. Protection of Policyholders Interests

03. Awareness to Insurance

04. Insurance Market

05. Development of Insurance Product

06. Competition in the Insurance Sector

07. Saving and Investment of Individual

08. Government Responsibility

09. Banks and Post Offices

10. Individual's life

11. Stock Market

12. Indian Economy





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SEBI

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RBI

Reserve Bank of India



IRDA

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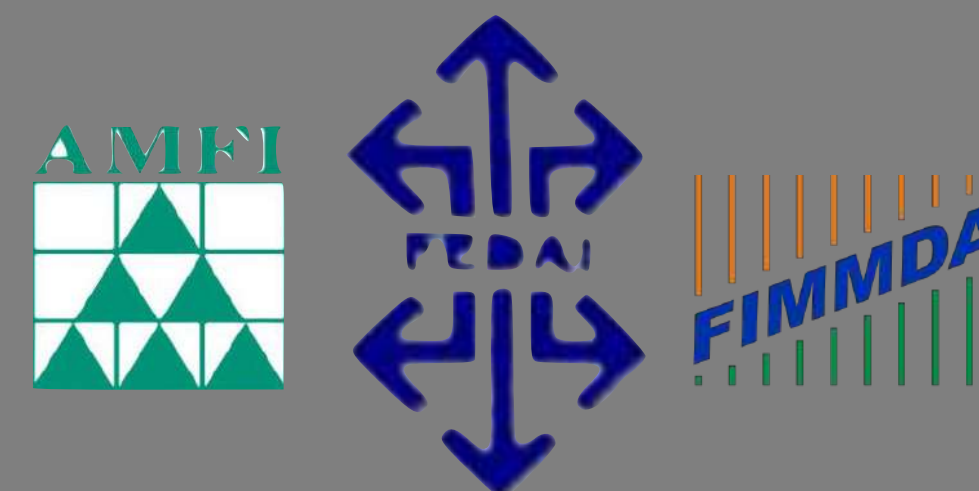
PFRDA

Pension Fund Regulatory and Development Authority



RERA

Real Estate Regulatory Authority



AMFI, FEDAI, FIMMDA

1. Association of Mutual Funds of India
2. Foreign Exchange Dealers Association of India
3. Fixed Income Money Market and Derivatives Association of India



PFRDA





04

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Pension Fund Regulatory & Development Authority





FOUNDED



Aug 23, 2003



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CHAIRMAN



Hemant G Contractor



AIM

The aim of PFRDA is to be a model Regulator for promotion and development of an organized pension system to serve the old age income needs of people on a sustainable basis.



NPS

National Pension Scheme



What is NPS?

National Pension System (NPS) is a voluntary, defined contribution retirement savings scheme designed to enable the subscribers to make optimum decisions regarding their future through systematic savings during their working life.

NPS seeks to inculcate the habit of saving for retirement amongst the citizens.

It is an attempt towards finding a sustainable solution to the problem of providing adequate retirement income to every citizen of India.



What is PRAs?

NPS is based on Personal retirement accounts (PRAs) created for individual members. NPS accumulates savings into subscriber's PRA while he is working and use the accumulations at retirement to procure a pension for the rest of his life.



ELIGIBILITY

Who Can Join NPS?

Any citizen of India, whether resident or non-resident, subject to the following conditions:

Age

Applicant should be between 18 – 65 years of age as on the date of submission of his/her application to the POP/ POP-SP or opening account online on eNPS platform.

KYC

Applicant should comply with the Know Your Customer (KYC) norms as detailed in the Subscriber Registration Form. All the documents required for KYC compliance need to be mandatorily submitted.



How are the funds contributed by the subscribers managed under NPS?

Under the NPS, individual savings are pooled in to a pension fund which are invested by PFRDA regulated professional fund managers as per the approved investment guidelines into the diversified portfolios comprising of government bonds, bills, corporate debentures and shares.

These contributions would grow and accumulate over the years, depending on the returns earned on the investment made.



Layman Equation

**Contributions + Investment Growth – Charges =
Accumulated Pension Wealth**



(Individual contribution as well as co-contribution from Employers)



Who are the fund managers?

At present there are 8 Pension Fund Managers (PFM's) who manage the subscriber funds at the option of the subscriber. At present, Subscriber has option to select any one of the following 8 pension funds:.

01. HDFC Pension Management Co. Ltd.

05. Reliance Capital Pension Fund Ltd.

02. ICICI Prudential Pension Fund Management Co. Ltd.

06. SBI Pension Funds Pvt. Ltd

03. Kotak Mahindra Pension Fund Ltd.

07. UTI Retirement Solutions Ltd

04. LIC PensionFund Ltd.

08. Pension Fund (PF) to be incorporated by Birla Sunlife Insurance Co. Ltd



What are the features of retirement account provided under NPS?

Every individual subscriber is issued a Permanent Retirement Account Number (PRAN) card and has a 12 digit unique number. In case of the card being lost or stolen, the same can be reprinted with additional charges.

PRAN

Under NPS account, two sub-accounts – Tier I & II are provided. Tier I account is mandatory and the subscriber has option to opt for Tier II account opening and operation.

Tier I & Tier II



Difference between Tier I & Tier II

Basis	Tier I	Tier II
Mandatory for investing in NPS?	Yes	No
Who can open?	Any Indian Citizen with age of 18-65	Members of Tier I
Liquidity	Yes, but with conditions	At any point of time
Fund transfer	Not allowed to transfer to Tier II	Can be transferred to Tier I
Account opening contribution	₹ 500	₹ 1000
Minimum yearly contribution	₹ 1000	No such limit



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IRDA

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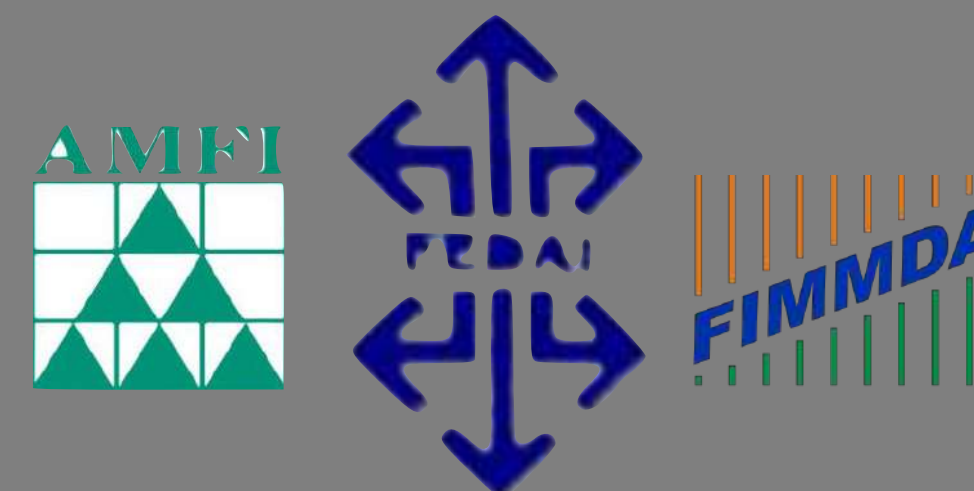
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RERA





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RERA



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Following are some of the risks that people face through developers:

1. Selling of flats multiple times to different parties.
2. The contracts made are one-sided in the favour of the developer, for example, a penalty of a massive 21% if one delays the payment even by a day.
3. Delay in giving possession to the buyer which happens due to various reasons and malpractices such as funding crisis, demanding additional charges in the name of facilities, reducing carpet area, changing the plans of the societies etc.



INTRODUCTION

Due to the failure of the government to observe real estate area, many people have become the victims of some scheming people doing the real estate business.

The buyers who come from a middle-class background have time and again fallen prey to such petty real estate developers.

There was a growing need to bring a transparent government body which can check the developers.



BILL
PASSED



March 2016



RESULT

This promises to bring a justice to the buyer through making strict policies that have to be fulfilled by the developers to sell their projects.

The major problem that real estate in India is facing is that of the delayed possession given to the home seeker by the rich and the cunning builders.

Thus, RERA will help people by bringing in a high level of transparency and discipline that these builders must have to follow.



FEATURES



Under the Act, if there is a delay in possession, the buyer gets option either to withdraw (getting the full amount returned) or to continue with the amount of compensation received depending on the situation of the buyer.

Section 13 provides that the promoter cannot accept a sum more than 10 percent of the apartment / plot cost as an advance payment / application fees. For any further collection towards the apartment / plot cost, the promoter is required to enter into an 'Agreement for Sale' with the allottee.

the builder has to deposit 70% of the amount realized in for the project in a separate bank account which he can withdraw only for the purpose of the project.





FEATURES



As per section 15, the promoter is not entitled to transfer or assign his majority rights and liabilities in the project to a third party, without obtaining the prior written consent of two-third of allottees and the Regulatory Authority.

the promoter can only modify / amend the sanctioned plans or project specifications, after the approval of the competent authority and its disclosure to the allottees, in case of minor additions or alterations. However, in case of major modification / alteration, the promoter can modify the sanctioned plans or project specification only after having taken approval from two-third of the allottees.

the promoter shall be liable for 5 years from the date of handing over of possession to the allottee towards structural defect or any other defect as specified therein.





01. Delay in Possession

04. Transferring rights

02. Advance Payment

05. Modification in plan

03. Separate Bank Account

06. Structural Defect



SEBI

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RBI

Reserve Bank of India



IRDA

Insurance Regulatory and Development Authority



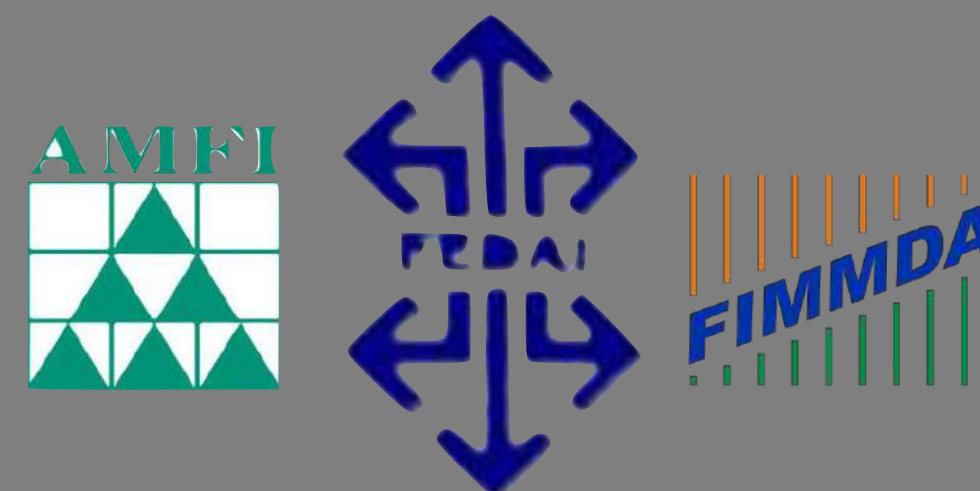
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AMFI





AMFI



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Association of Mutual Funds of India



INTRODUCTION

The Association of Mutual Funds in India (AMFI) is dedicated to developing the Indian Mutual Fund Industry on professional, healthy and ethical lines and to enhance and maintain standards in all areas with a view to protecting and promoting the interests of mutual funds and their unit holders.



INCORPORATED



August 22, 1995



OBJECTIVES

(i) – (viii)



OBJECTIVES

(i)

To define and maintain high professional and ethical standards in all areas of operation of mutual fund industry.



OBJECTIVES

(ii)

To recommend and promote best business practices and code of conduct to be followed by members and others engaged in the activities of mutual fund and asset management including agencies connected or involved in the field of capital markets and financial services.



OBJECTIVES

(iii)

To interact with the Securities and Exchange Board of India (SEBI) and to represent to SEBI on all matters concerning the mutual fund industry.



OBJECTIVES

(iv)

To represent to the Government,
Reserve Bank of India and other
bodies on all matters relating to the
Mutual Fund Industry.



OBJECTIVES

(V)

To undertake nationwide investor awareness programme so as to promote proper understanding of the concept and working of mutual funds.



OBJECTIVES

(vi)

To disseminate information on Mutual Fund Industry and to undertake studies and research directly and/or in association with other bodies.



OBJECTIVES

(vii)

To regulate conduct of distributors including disciplinary actions (cancellation of ARN) for violations of Code of Conduct.





OBJECTIVES

(viii)

To protect the interest of investors/
unit holders.

OBJECTIVES
OF AMFI

- (i) high professional & ethical standards
- (ii) best business practices and code of conduct
- (iii) to interact with and represent to SEBI
- (iv) to represent GOI, RBI & other bodies
- (v) undertake investor awareness programme
- (vi) disseminate information & research with other bodies
- (vii) disciplinary actions for violations of Code of Conduct.
- (viii) protect the interest of investors/unit holders



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SEBI

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RBI

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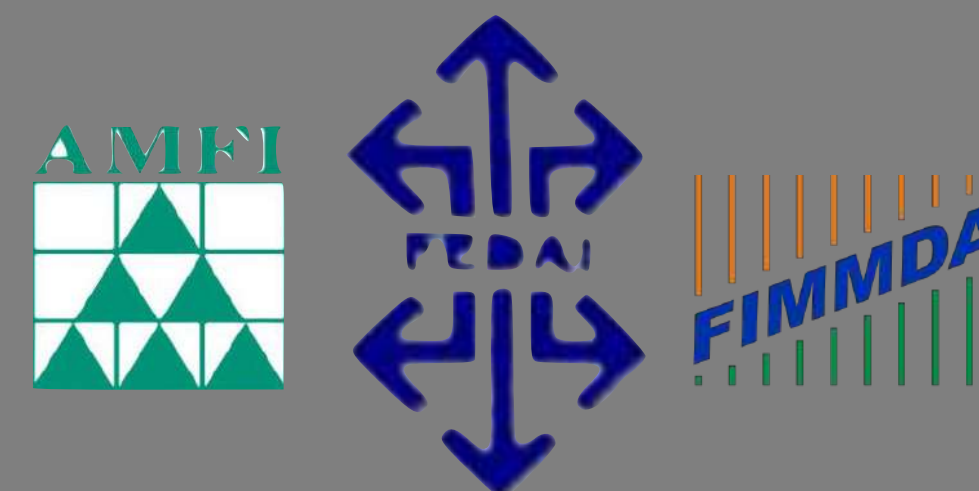
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FEDAI





FULL
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Foreign Exchange Dealers Association of India



INTRODUCTION

Foreign Exchange Dealers Association of India (FEDAI) is an Association of banks dealing in foreign exchange (forex) in India (typically called Authorised Dealers - ADs) as a self-regulatory body and is incorporated. It's major activities include framing of rules governing the conduct of inter-bank foreign exchange business among banks vis-à-vis public and liaison with RBI for reforms and development of forex market.



INCORPORATED



1958



FUNCTIONS

(i) Guidelines and Rules for Forex Business





FUNCTIONS

(ii) Training of Bank Personnel in the areas of Foreign Exchange Business.



FUNCTIONS

(iii) Accreditation of Forex Brokers.



FUNCTIONS

(iv) Advising/Assisting member banks in settling issues/matters in their dealings.



FUNCTIONS

**(v) Represent member banks on Government/
Reserve Bank of India/Other Bodies**



FUNCTIONS

(vi) Announcement of daily and periodical rates to member banks.



FUNCTIONS

(i) Guidelines and Rules for Forex Business

(ii) Training of Bank Personnel in the areas of Foreign Exchange Business.

(iii) Accreditation of Forex Brokers.

(iv) Advising/Assisting member banks in settling issues/matters in their dealings.

(v) Represent member banks on Government/Reserve Bank of India/Other Bodies

(vi) Announcement of daily and periodical rates to member banks.





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RBI

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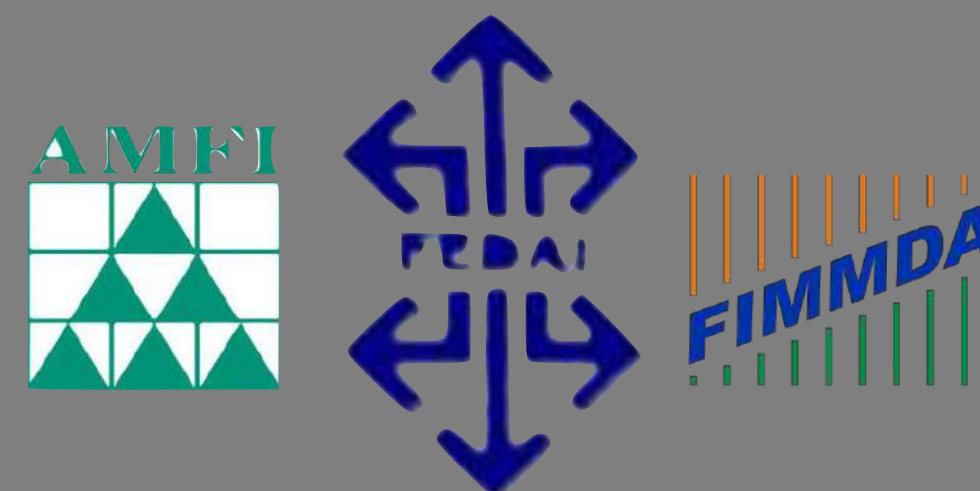
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FIMMDA



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Fixed Income Money Market and Derivative Association of India



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INCORPORATED



June 3rd, 1998



ROLE



(i) Functions as the principal interface with Regulators (like Reserve Bank of India, Securities Exchange Board of India, Ministry of Finance - Government of India, International Monetary Fund, World Bank)



ROLE



(ii) Mandated by the Reserve Bank of India for valuation of Government Bonds, Corporate Bonds and Securitized Papers for valuation of investment portfolios of Banks and Primary Dealers.)



ROLE



(iii) Undertakes developmental activities such as introduction of benchmarks and new products (e.g. Mumbai Inter-bank Offered Rate, Commercial Papers, Securitized Asset, and Overnight Indexed Swaps).



ROLE



(iv) Suggests Legal and Regulatory framework for the development of new products.



ROLE



(v) Training and Development Support to the Debt & Derivatives Market.



ROLE



(vi) Standardisation of market practices.



ROLE

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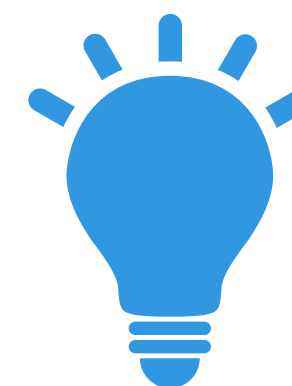
SEBI

Securities and Exchange Board of India



RBI

Reserve Bank of India



IRDA

Insurance Regulatory and Development Authority



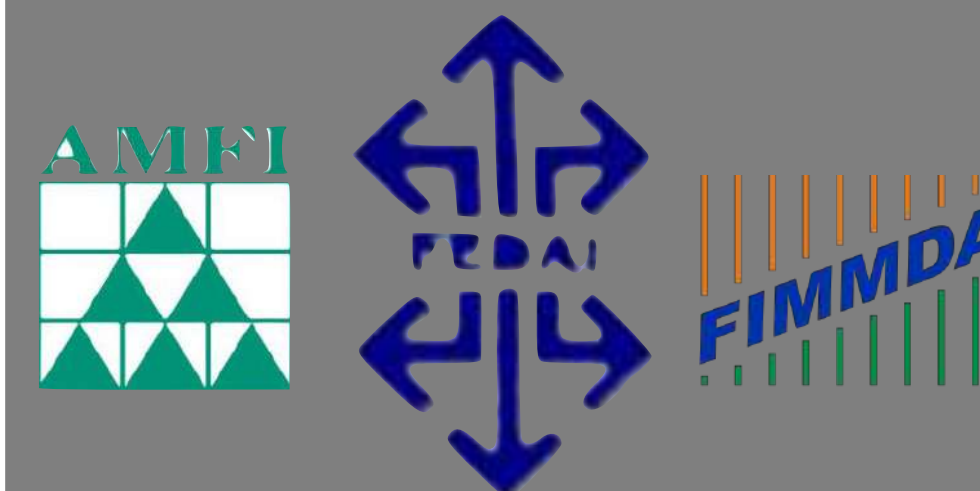
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TYPES OF FINANCIAL SYSTEM

FORMAL

INFORMAL

Financial Market

01

Financial Instrument

02

Financial Services

03

Financial Institutions

04

Financial Regulators

05

Money Lenders

01

Group of Persons

02

Pawn Brokers

03

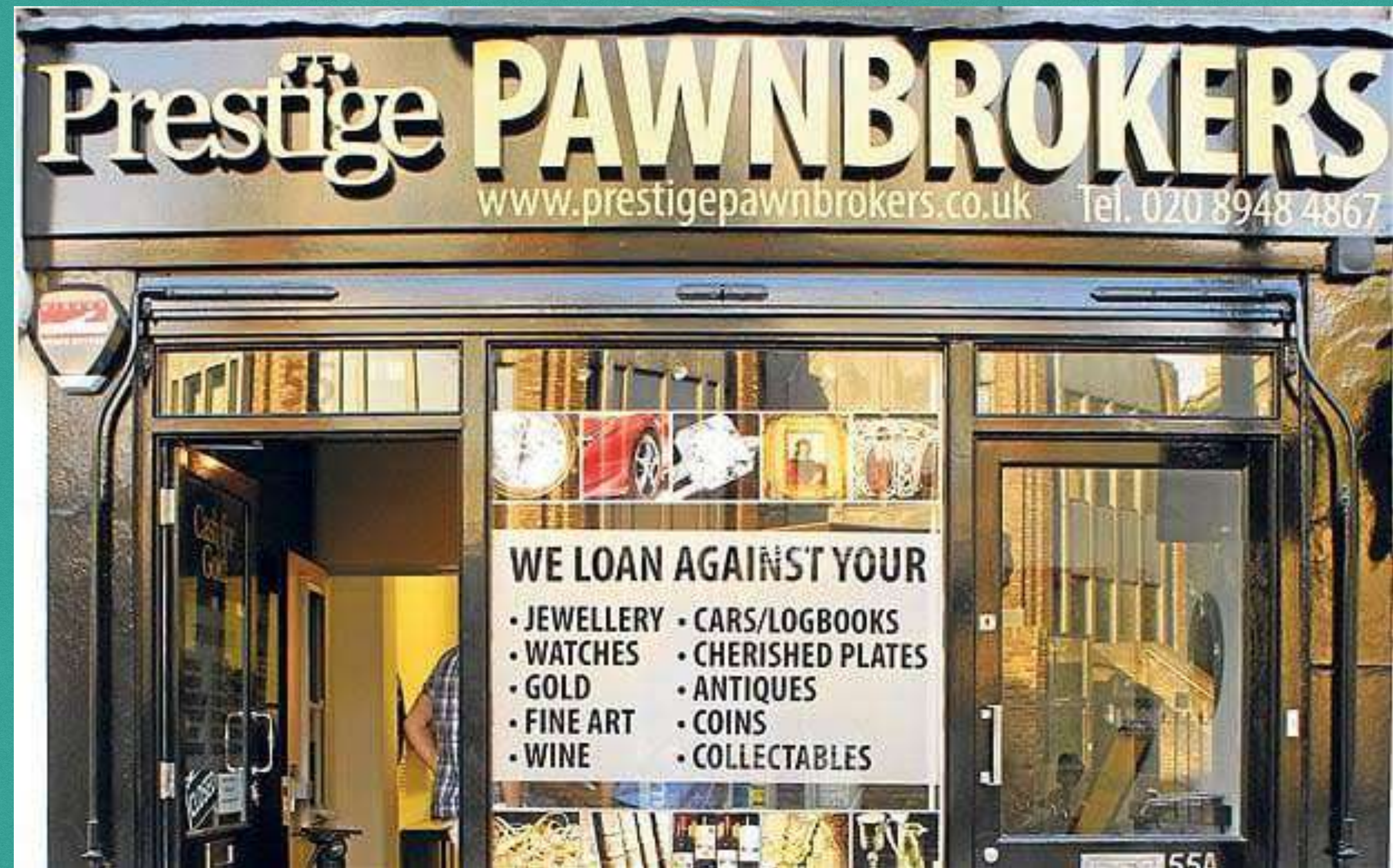
Traders

04

Friends, Relatives

05

PAWN
BROKERS



PAWN
BROKERS



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PAWN
BROKERS





PAWN
BROKERS

pawnbrokers in india

×

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More places

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CHAPTER 2

Indian

Financial System

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INTRODUCTION

SIGNIFICANCE

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REVISION



01

A system that allows the exchange of funds between lenders, investors, and borrowers.

02

It operates at the national, global, and firm-specific levels.

03

They consist of complex, closely related services, markets, and institutions intended to provide an efficient and regular linkage between investors and depositors

04

Enable individuals & companies to share the associated risks



SIGNIFICANCE OF FINANCIAL SYSTEM



**Leads to
Savings**

**That meets the
funds
requirements of
business
organisations
through
financial market**

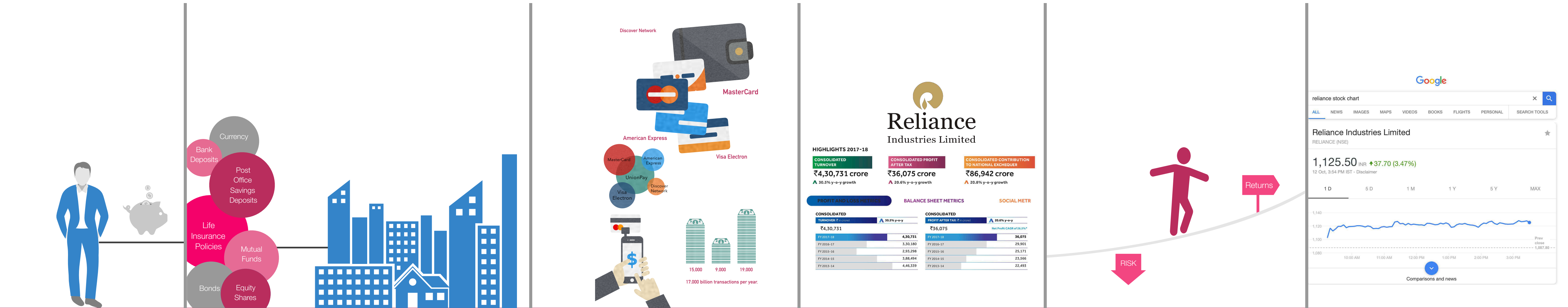
**Enables
investment by
business
organisation to
commence
production of
goods &
services**

**Leads to
Capital
Formation**

**That ultimately
bring economic
growth**



FUNCTIONS OF FINANCIAL SYSTEM



Mobilization of Savings

Allocation of savings

Provide Payment and Settlement System

Monitor Corporate Performance.

Helps in Risk Reduction

Provide price related information



KEY ELEMENTS OF WELL FUNCTIONING FINANCIAL SYSTEM



A Strong
Legal &
Regulatory
Environment

Stable Money

Sound Public
Finances &
Public Debt
Management

A Central
Bank

Sound
Banking
System

Information
System

Well
Functioning
Securities
Market

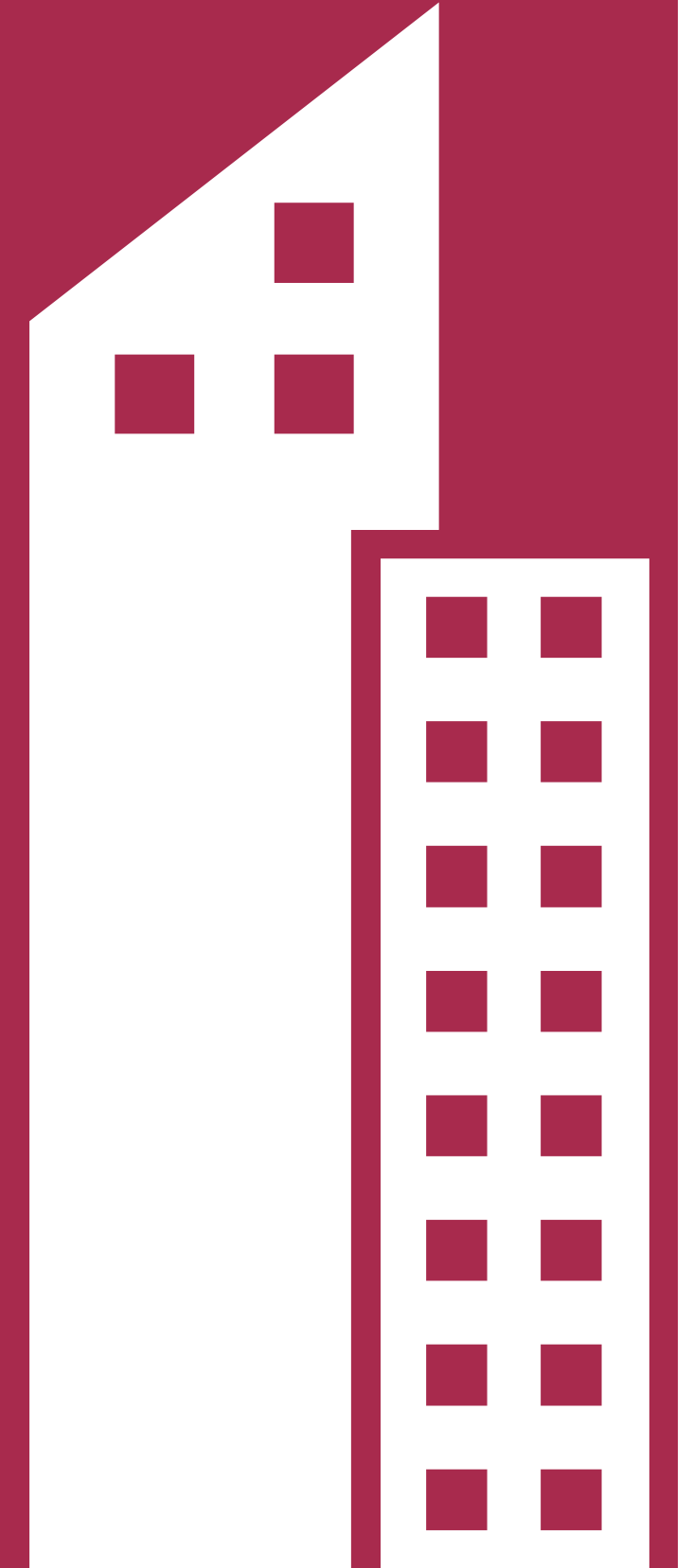
Indian Financial System Design

Bank Based

- In bank-based financial systems such as Germany and Japan, banks play a leading role in mobilizing savings, allocating capital, overseeing the investment decisions of corporate managers, and in providing risk management vehicles.

Market Based

- In market-based financial systems such as England and the United States, securities markets share center stage with banks in terms of getting society's savings to firms, exerting corporate control, and easing risk management. Some analysts suggest that markets are more effective at providing financial services.



Market Based Financial System

Advantages

1. Financial markets promote diversification and permit risk-sharing effectively.
2. Provides an information system
3. Facilitate financing of new technologies

Disadvantages

1. Market based system is prone to instability as market maybe fluctuating in turbulent times
2. Consequently investors are exposed to market risk
3. There is a free rider problem

Bank Based Financial System

Advantages

1. Close Relationship with Parties
2. Provides Tailor Made Contracts
3. No Free Rider Problem

Disadvantages

1. Retards innovation and growth as bank may prefer low risk and low return projects
2. Impedes competition and entry of new firms because banks may collude with business managers against other investors



Difference Between

Bank Based

&

Market Based

Financial System

Basis	Market Based	Bank Based
Economy	The Economy is dependent on how well or poorly the stock market is performing.	The economy is dependent on how well or poorly the banking system is doing.
Interest from Loans	Banks are less dependent on interest from loans.	Banks are more dependent on Interest from loans for their revenue increase
Opportunities to gain or lose	Each individual within the society has the opportunity to gain or lose on any given day	Only a few are given the opportunity to maximize their gain
Law	Based on civil law rather than common law	Based on common law
Countries	USA, UK, Singapore ,Malaysia, Brazil, Mexico, Philippines, Turkey	Japan, Germany, France, Italy, India, Argentina, Pakistan, Srilanka

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Group of Persons

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05



Functions of Financial Market

- 1 To facilitate creation and allocation of **credit and liquidity**.
- 2 To serve as **intermediaries for mobilization of savings**.
- 3 To cater to the various **credits needs** of the business organizations
- 4 To provide **financial convenience**.
- 5 To provide information and facilitate **transactions at low cost**.
- 6 To help in the process of **balanced economic growth**.



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Liquidity

Marketable

Collateral Value

Transferability

Maturity Period

Transaction Cost

Risk

Future Trading

*Characteristics of
Financial Instrument*

Types of Financial Services

Investment
Banking

Credit Rating

Consumer
Finance

Factoring

Housing
Finance

Asset
Restructuring
/ Management
Company

Depository
Services

Debit Cards

Online Share
Trading



DIFFERENCE BETWEEN BANKING AND NON BANKING FINANCIAL INSTITUTIONS

BASIS FOR COMPARISON	BANK	NBFC
Meaning	Bank is a government authorized financial intermediary that aims at providing banking services to the general public.	An NBFC is a company that provides banking services to people without holding a bank license.
Incorporated under	Banking Regulation Act, 1949	Companies Act 1956
Demand Deposit	Accepted	Not Accepted
Foreign Investment	Allowed up to 74% for private sector banks	Allowed up to 100%
Payment and Settlement system	Integral part of the system.	Not a part of system.
Maintenance of Reserve Ratios	Compulsory	Not required
Deposit insurance facility	Available	Not available
Credit creation	Banks create credit.	NBFC do not create credit.
Transaction services	Provided by banks.	Not provided by NBFC.



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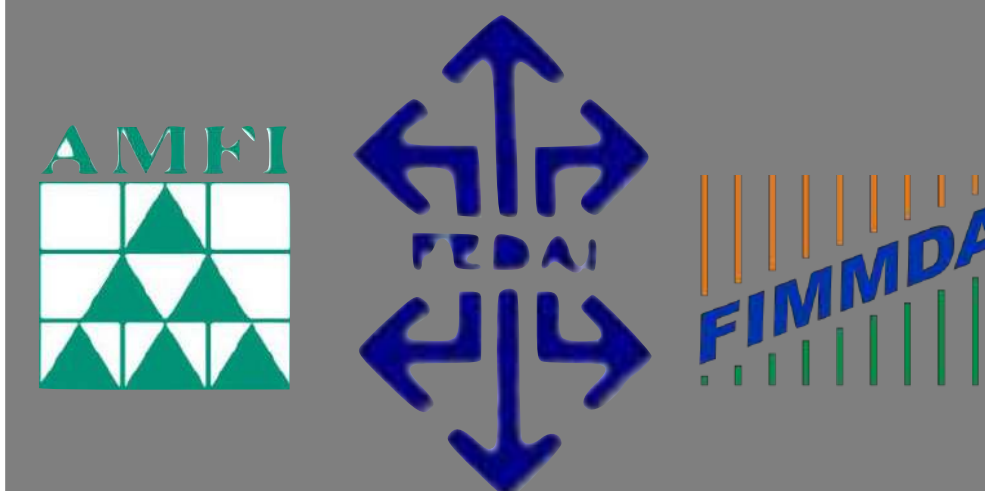
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1	Regulating the business in stock exchanges and any other securities markets;	8	Regulating substantial acquisition of shares and take-over of companies;
2	Registering and regulating the working of stock brokers, sub-brokers, share transfer agents, bankers to an issue, trustees of trust deeds, registrars to an issue, merchant bankers, underwriters, portfolio managers, investment advisers and such other intermediaries who may be associated with securities markets in any manner;	9	Calling for information from, undertaking inspection, conducting inquiries and audits of the stock exchanges, mutual funds, other persons associated with the securities market intermediaries and self- regulatory organizations in the securities market;
3	Registering and regulating the working of [venture capital funds and collective investment schemes],including mutual funds;	10	Performing such functions and exercising such powers under the provisions of the Securities Contracts (Regulation) Act, 1956(42 of 1956), as may be delegated to it by the Central Government;
4	Promoting and regulating self-regulatory organisations;	11	Levying fees or other charges for carrying out the purposes of this section;
5	Prohibiting fraudulent and unfair trade practices relating to securities markets;	12	Conducting research for the above purposes;
6	Promoting investors' education and training of intermediaries of securities markets;	13	Performing such other functions as may be prescribed.
7	Prohibiting insider trading in securities		



FUNCTIONS

As per the RBI Act, 1934, RBI performs three types of functions:

- 
1. Banking Functions
 2. Supervisory Functions
 3. Promotional Functions

01. Issuer of Bank Notes

02. To act as government banker, agent and adviser

03. Bankers' Bank and Lender of the Last Resort

04. Controller of Credit

05. Custodian of Foreign Reserve

Functions of RBI



3
TOPICS

Insurance Regulatory & Development Authority

4

Features of
IRDAI

16

Duties, Power
& Functions

12

Importance



FEATURES

1

Team

2

Perpetual
Succession

3

Common
Seal.

4

Can sue or be
sued



1. issue to the applicant a certificate of registration, renew, modify, withdraw, suspend or cancel such registration;
2. protection of the interests of the policy holders in matters concerning assigning of policy, nomination by policy holders, insurable interest, settlement of insurance claim, surrender value of policy and other terms and conditions of contracts of insurance;
3. specifying requisite qualifications, code of conduct and practical training for intermediary or insurance intermediaries and agents;
4. specifying the code of conduct for surveyors and loss assessors
5. promoting efficiency in the conduct of insurance business;
6. promoting and regulating professional organisations connected with the insurance and re- insurance business;
7. levying fees and other charges for carrying out the purposes of this Act;
8. calling for information from, undertaking inspection of, conducting enquiries and investigations including audit of the insurers, intermediaries, insurance intermediaries and other organizations connected with the insurance business;
9. control and regulation of the rates, advantages, terms and conditions that may be offered by insurers in respect of general insurance business not so controlled and regulated by the Tariff Advisory Committee under section 64U of the Insurance Act, 1938 (4 of 1938);
10. specifying the form and manner in which books of account shall be maintained and statement of accounts shall be rendered by insurers and other insurance intermediaries;
11. regulating investment of funds by insurance companies;
12. regulating maintenance of margin of solvency;
13. adjudication of disputes between insurers and intermediaries or insurance intermediaries
14. supervising the functioning of the Tariff Advisory Committee;
15. specifying the percentage of premium income of the insurer to finance schemes for promoting and regulating professional organisations referred to in clause (f);
16. specifying the percentage of life insurance business and general insurance business to be undertaken by the insurer in the rural or social sector.



IMPORTANCE OF IRDA

01. Regulation of Insurance Sector

02. Protection of Policyholders Interests

03. Awareness to Insurance

04. Insurance Market

05. Development of Insurance Product

06. Competition in the Insurance Sector

07. Saving and Investment of Individual

08. Government Responsibility

09. Banks and Post Offices

10. Individual's life

11. Stock Market

12. Indian Economy



National Pension Scheme

National Pension System (NPS) is a voluntary, defined contribution retirement savings scheme designed to enable the subscribers to make optimum decisions regarding their future through systematic savings during their working life.

NPS

Who Can Join NPS?

Any citizen of India, whether resident or non-resident, subject to the following conditions:

Age

18-65
years

KYC

comply with the Know
Your Customer (KYC)
norms

Layman Equation

Contributions + Investment Growth – Charges = Accumulated Pension Wealth

Who are the fund managers?

At present there are 8 Pension Fund Managers (PFM's) who manage the subscriber funds at the option of the subscriber. At present, Subscriber has option to select any one of the following 8 pension funds:.

01. HDFC Pension Management Co. Ltd.

02. ICICI Prudential Pension Fund Management Co. Ltd.

03. Kotak Mahindra Pension Fund Ltd.

04. LIC PensionFund Ltd.

05. Reliance Capital Pension Fund Ltd.

06. SBI Pension Funds Pvt. Ltd

07. UTI Retirement Solutions Ltd

08. Pension Fund (PF) to be incorporated by Birla Sunlife Insurance Co. Ltd



Conferenza.in

What are the features of retirement account provided under NPS?

PRAN

Every individual subscriber is issued a Permanent Retirement Account Number (PRAN) card and has a 12 digit unique number. In case of the card being lost or stolen, the same can be reprinted with additional charges.

Tier I & Tier II

Under NPS account, two sub-accounts – Tier I & II are provided. Tier I account is mandatory and the subscriber has option to opt for Tier II account opening and operation.

Difference between Tier I & Tier II

Basis	Tier I	Tier II
Mandatory for investing in NPS?	Yes	No
Who can open?	Any Indian Citizen with age of 18-65	Members of Tier I
Liquidity	Yes, but with conditions	At any point of time
Fund transfer	Not allowed to transfer to Tier II	Can be transferred to Tier I
Account opening contribution	₹ 500	₹ 1000
Minimum yearly contribution	₹ 1000	No such limit





Following are some of the risks that people face through developers:

1. Selling of flats multiple times to different parties.
2. The contracts made are one-sided in the favour of the developer, for example, a penalty of a massive 21% if one delays the payment even by a day.
3. Delay in giving possession to the buyer which happens due to various reasons and malpractices such as funding crisis, demanding additional charges in the name of facilities, reducing carpet area, changing the plans of the societies etc.



BILL
PASSED

March 2016



RESULT

This promises to bring a justice to the buyer through making strict policies that have to be fulfilled by the developers to sell their projects.

The major problem that real estate in India is facing is that of the delayed possession given to the home seeker by the rich and the cunning builders.

Thus, RERA will help people by bringing in a high level of transparency and discipline that these builders must have to follow.



01. Delay in Possession

04. Transferring rights

02. Advance Payment

05. Modification in plan

03. Separate Bank Account

06. Structural Defect



SEBI

Securities and Exchange Board of India



RBI

Reserve Bank of India



IRDA

Insurance Regulatory and Development Authority



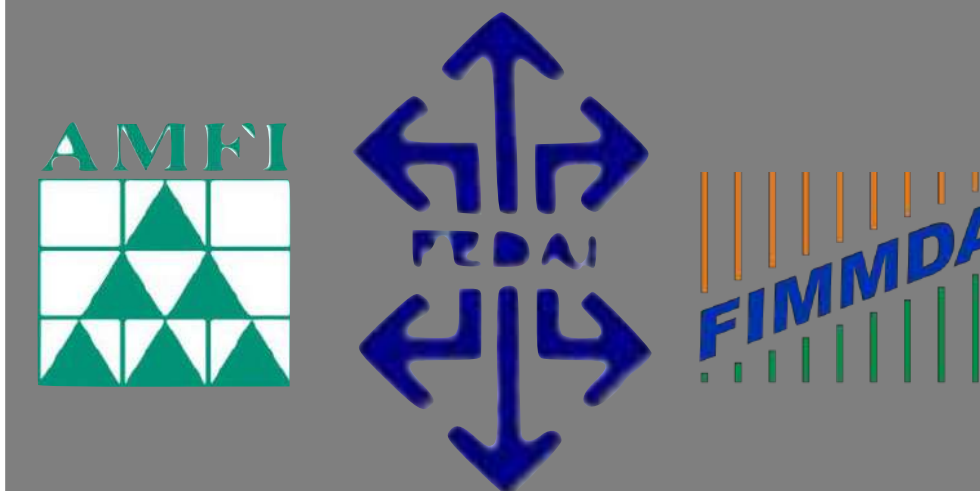
PFRDA

Pension Fund Regulatory and Development Authority



RERA

Real Estate Regulatory Authority



AMFI, FEDAI, FIMMDA

1. Association of Mutual Funds of India
2. Foreign Exchange Dealers Association of India
3. Fixed Income Money Market and Derivatives Association of India

OBJECTIVES
OF AMFI

- (i) high professional & ethical standards
- (ii) best business practices and code of conduct
- (iii) to interact with and represent to SEBI
- (iv) to represent GOI, RBI & other bodies
- (v) undertake investor awareness programme
- (vi) disseminate information & research with other bodies
- (vii) disciplinary actions for violations of Code of Conduct.
- (viii) protect the interest of investors/unit holders



FUNCTIONS

(i) Guidelines and Rules for Forex Business

(ii) Training of Bank Personnel in the areas of Foreign Exchange Business.

(iii) Accreditation of Forex Brokers.

(iv) Advising/Assisting member banks in settling issues/matters in their dealings.

(v) Represent member banks on Government/Reserve Bank of India/Other Bodies

(vi) Announcement of daily and periodical rates to member banks.



ROLE

(i) Functions as the principal interface with Regulators (like Reserve Bank of India, Securities Exchange Board of India, Ministry of Finance - Government of India, International Monetary Fund, World Bank)

(ii) Mandated by the Reserve Bank of India for valuation of Government Bonds, Corporate Bonds and Securitized Papers for valuation of investment portfolios of Banks and Primary Dealers.)

(iii) Undertakes developmental activities such as introduction of benchmarks and new products (e.g. Mumbai Inter-bank Offered Rate, Commercial Papers, Securitized Asset, and Overnight Indexed Swaps).

(iv) Suggests Legal and Regulatory framework for the development of new products.

(v) Training and Development Support to the Debt & Derivatives Market.

(vi) Standardisation of market practices.

TYPES OF FINANCIAL SYSTEM

FORMAL

INFORMAL

Financial Market

01

Financial Instrument

02

Financial Services

03

Financial Institutions

04

Financial Regulators

05

Money Lenders

01

Group of Persons

02

Pawn Brokers

03

Traders

04

Friends, Relatives

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THANK YOU