

1) Primary market :-

A primary market issues new securities on an exchange for companies, Govts, other groups to obtain financing through debt-based or equity based securities.

2) Secondary market :-

The secondary market is where investors buy & sell securities they already own.

3) Stock exchange :-

Stock exchange refers to or a security market comprises of all the places where buyers & sellers of stocks & bonds or their representatives undertake transactions involving the sale of securities.

4) Listing of securities :-

The company's enlisting the name of their company in the stock exchange.

5) NSE - National Stock Exchange
BSE - Bombay Stock Exchange.

1) Features of primary market :-

(i) Origination :-

In this stage soundness of the project is to be analysed. That is a) the time of floating of an issue, b) type of issue, c) Price will be analysed. It involves preliminary investigation. It is advisory in nature.

(ii) Underwriting :-

It is a kind of guarantee undertaken by an institution or firm of brokers ensuring the marketability of an issue. The objective of underwriting is to ensure the financial safety of the floatation of the company.

(iii) Distribution :-

Distribution means the function of sale of shares and debendures to the investors. Brokers and agents perform this function.

2) Functions of primary market :-

(i) New issue offer :-

The primary market organises offer of a new issue which had not been traded on any other exchange earlier.

(ii) Underwriting services :-

An underwriter's role in a primary marketplace includes purchasing

unsold shares if it cannot manage to sell the required number of shares to the public.

(iii) Distribution of new issue :-

Distribution is initiated with a new prospectus issue. It invites the public at large to buy a new issue.

3) Characteristics of Secondary market :-

(i) Voluntary association :-

The stock exchanges are Voluntary associations registered by certain statutory laws. These exchanges do not conduct business for themselves but provide facilities to their members to transact with the corporate securities.

(ii) Control of the governing body :-

The members of the exchange elect a governing body, which exercises proper and adequate control over its members.

(iii) Rules & Regulations :-

The members should obey the rules & regulation formulated by the stock exchange, otherwise they will be removed from the membership.

(iv) Listed Securities :-

Securities enlisted in the official list of the stock exchange can alone be transacted in the exchange.

4) Instruments of secondary markets :-

(i) Preference shares :-

It is a special type of share where dividends are paid to shareholders prior to the issuance of common stock dividends.

(ii) Bond :-

A bond is a fixed income instrument that represents a loan made by an investor to a borrower.

(iii) Debentures :-

A debenture is a loan certificate evidencing the fact that the company is liable to pay a specified amount with interest.

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Part - C

1) Stock exchange :-

Stock exchange is a place where buyers & sellers of stocks & bonds undertake transactions involving the sale of securities.

Role of stock exchange :-

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Functions of stock exchange :-

1) Ready & continuous market for securities :-

Anybody can buy or sell securities in the stock exchange during the business hours. The stock exchange provides liquidity, marketability, price continuity & transferability to capital already invested.

2) Evaluation of securities :-

It integrates the demand & supply of securities in an effective manner and determines the price for securities every now & then.

3) Safety of capital & fair dealing :-

This factor ensures a great measure of safety & fair dealings to the average investors.

4) Agency for capital formation

The stock exchange creates the habit of saving & investing. This plays an active role in capital formation.

5) proper canalisation of capital:

Stock exchange directs the flow of savings into the most productive & profitable channels.

6) Regulation of company Mgt:-

The members should obey the rules & regulations formulated by stock exchange.

7) Facilities for Speculation:-

The stock exchange encourages healthy speculation and provides opportunities to shrewd businessmen to speculate and reap rich profits from fluctuations in security prices.

8) Barometer of business progress :-

By analysing the ups & downs of the market quotations, the causes for the changes in the business climate can be ascertained.

2) Listing of securities :-

Enlisting the name of the company in the stock exchange is called as listing of securities.

objectives of listing :-

- * Provision of steady marketability
- * Imparting liquidity to the securities.
- * provision of free negotiability
- * protection of the interests of the investors & the general public.

Advantages of listing :-

* Advantages to the company management :-

- * It gives the management & the company a higher status.
- * Such companies can raise finance easily.
- * Listed companies are eligible for certain fiscal advantages such as concessional rate of income tax, etc.
- * Listed companies are treated favourably by the financial institutions & commercial banks.

* Advantages to the Investors :

* Listing makes the securities more prestigious and enhances their marketability.

* Hence, the holders of such securities can convert their holdings without any difficulty in times of need.

* As the security prices are regularly published in the financial newspapers & periodicals, the investors can sell their holdings at the current market price.

* Such securities generally fetches higher prices.

* Holders of listed securities are eligible for certain concessions in matters relating to income tax, wealth tax, etc.,

* Listed securities enjoy more public confidence.

* Listed securities ensure safety to the funds of the investors

Part-B

6) National stock exchange :-

Location - 1992 Mumbai

Founded - 1992

No. of listings - 1,952

Indices - NIFTY 50

NIFTY next 50

NIFTY 500

* NSE was recognised as a stock exchange by SEBI under the Securities Contracts (Regulation) Act, 1956.

* It was the first exchange in India to provide fully computerized electronic trading.

* India's largest financial market & 4th largest market by trading volume.

7) Bombay stock exchange :-

Location - Mumbai

Founded - 1875

No. of listings - 5,439

Sensex - 30

It was initially called as "The native share & stock brokers Association" in 1875

In 1957, it was recognised under Securities Contracts regulation Act.

It was the Asia's first ^{stock} exchange

It was the world's 10th largest stock exchange.

Functions of BSE & NSE :-

- 1) Liquidity & marketability
- 2) Price determination
- 3) Safety
- 4) Contribution to the economy
- 5) Spreading of equity
- 6) Speculation.