



Telangana Industrial Health Clinic Limited

Financial Markets in India

Dr. B. Yerram Raju, Adviser, TIHCL,
Government of Telangana



Content

1. The big markets -- equity, debt, currency, commodity futures
2. How these markets work.
3. Role of the financial markets in the economy
4. Fear of finance



Fundamentals of Marketing – Just a recap --These never change

- ✓ **The good news:** if you own a strong position in the mind, you can milk that position forever.
- ✓ **Bad news:** You can't easily change that position.
- ✓ You can't **compete really** on a level playing field.
- ✓ You have to have a **strong prediction** of the future.
- ✓ **Marketing power** is in specialization
- ✓ *“Marketers will move from focusing on large Segments to targeting specific niches. In niches there are riches”*: **Philip Kotler**



Evolution of the concept

- - Uncertainty of future.
 - People want safety
 - Such people come together
 - Price agreement started In Europe and Japan
 - Speculators provide liquidity
 - Arbitrageurs help remove market imperfections
 - Trading sophistication in 19th Century in USA



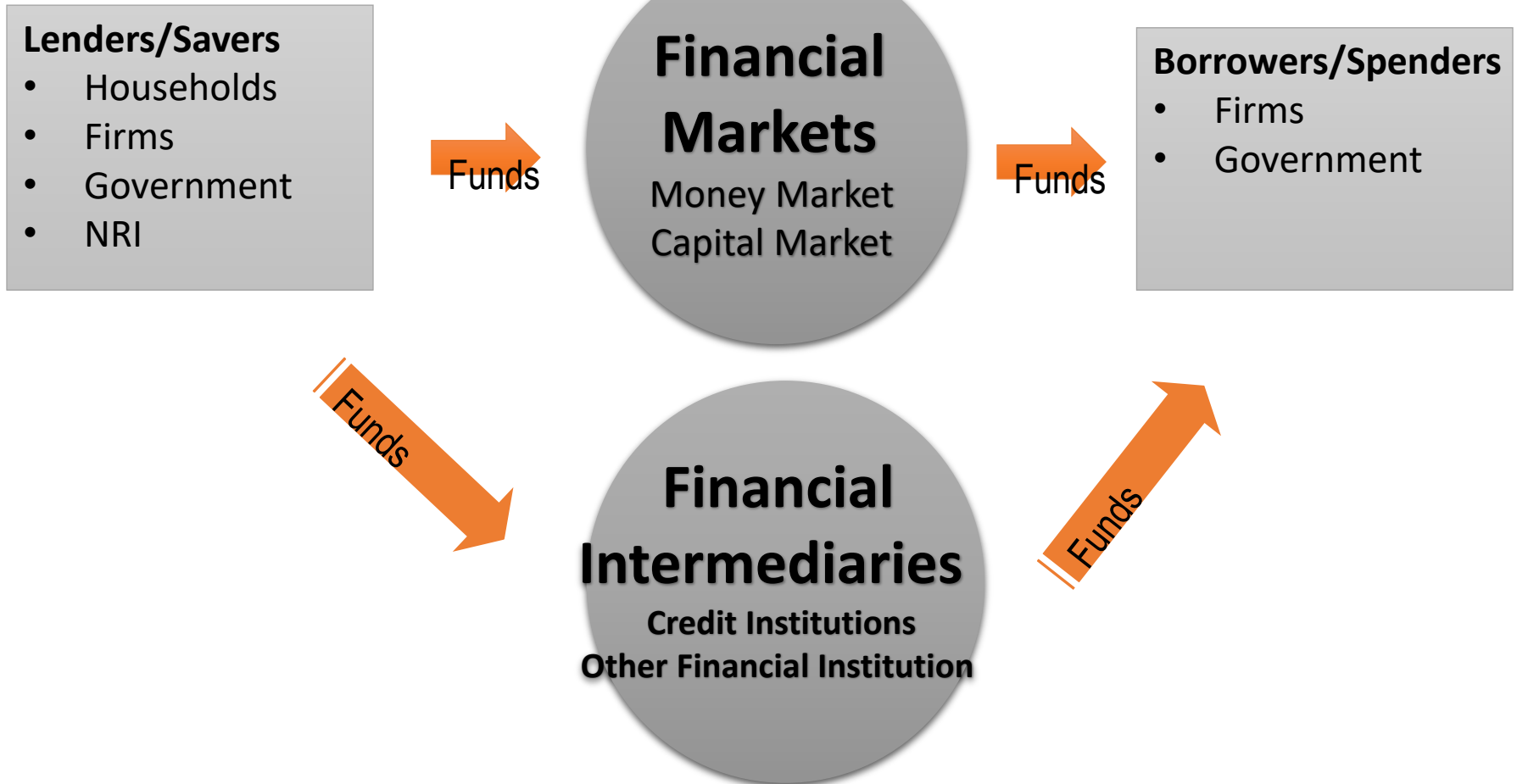
Financial Markets

Financial Markets channel funds from those who have **savings**, but no productive uses for them, to those who have **productive investments**, but insufficient funds to carry them out. In other words, financial markets move funds from those who **"save"** to those who **"spend"** on productive capital.

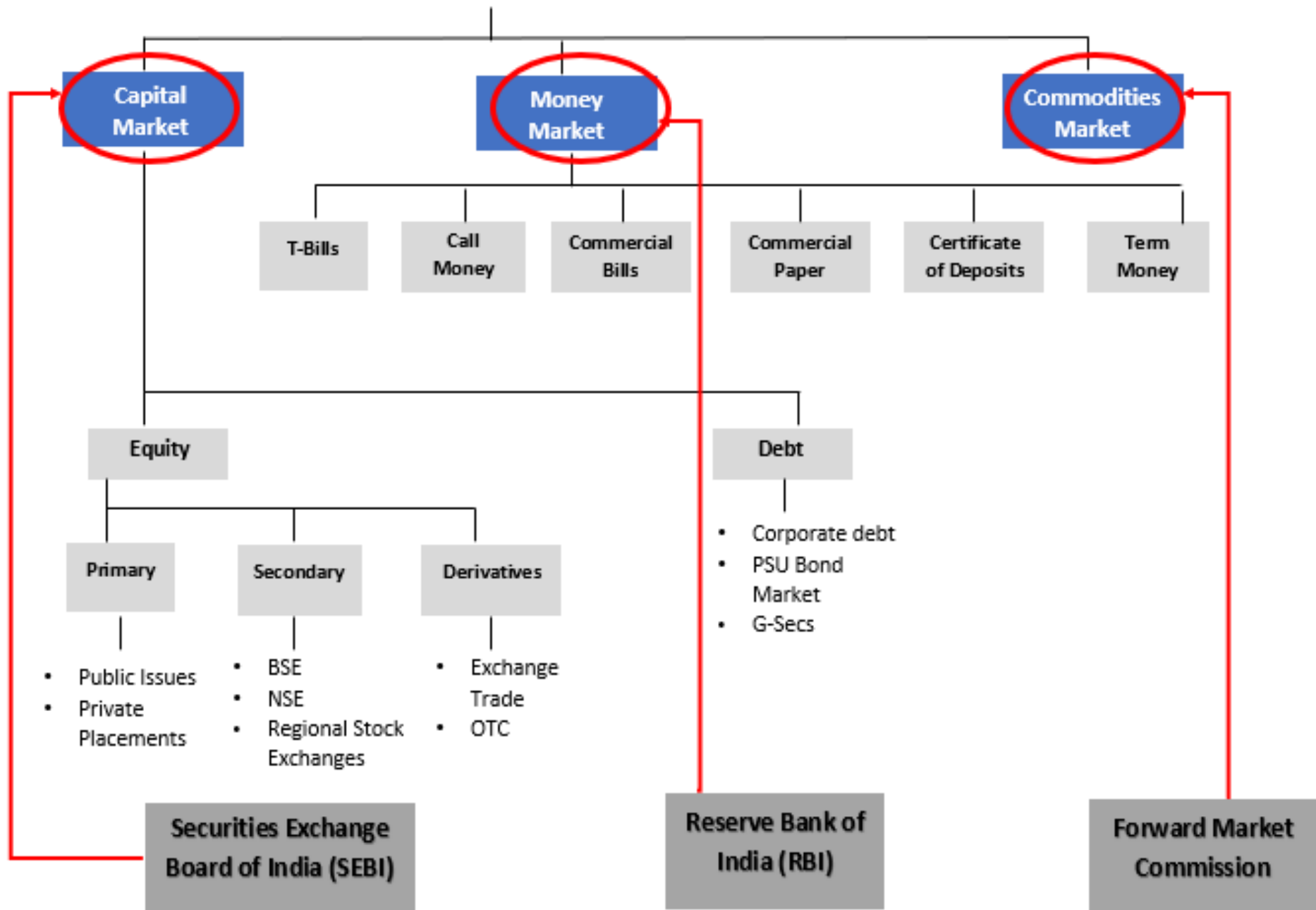


Functions of Financial Markets

Direct Finance



Financial Markets in India





Money Vs Capital Market Maturities





- ❖ Bid-ask spread: On organized exchanges such as the BSE, the price difference between a buy and sell price is called the bid-ask spread
- ❖ Delegated monitor: An economic agent appointed to act on behalf of smaller investors in collecting information and/or investing funds on their behalf.



The Futures?

- ❖ Future Contracts are financial instruments that carry with them legally binding obligations and are traded on regulated futures exchanges.
- ❖ They are standardized in terms of quality, quantity and settlement dates.
- ❖ Future contract is *marked to market*.
- ❖ *Marked to market* means that there is settlement and corresponding transfer of funds at the end of each trading day.
- ❖ Price discovery of any commodity traded here takes place due to large number of participants in hedging.



Role of Financial Markets in the economy

- ❖ Bad financial system and good economy cannot coexist
- ❖ Financial system helps:
 - Growth of capital market
 - Price stability through efficient monetary policy engagement
 - Efficient Forex markets promote international trade
 - Infrastructure growth; Enterprise and Employment growth
- ❖ Government securities market
- ❖ Balanced Regional Development
- ❖ Economic Integration
- ❖ Political stability



Thank You

Email: yerramr94@gmail.com

Blog: <https://yerrambehara.blogspot.in>