1.3 Securities Market

Meaning

A securities market is a market where financial securities such as shares, bonds, and debentures are bought and sold.

Components

Primary Market

Secondary Market

Primary Market

Meaning

The primary market is the market where new securities are issued to the public for the first time.

Functions of Primary Market

1. Mobilization of Savings

Collects savings from investors.

2. Capital Formation

Provides funds for business expansion.

3. Economic Development

Supports industrial growth.

4. Resource Allocation

Directs funds to productive sectors.

Functions of Secondary Market

1. Liquidity

Provides easy buying and selling of securities.

2. Price Discovery

Determines market price through demand and supply.

3. Investment Opportunities

Allows investors to enter and exit investments.

4. Economic Indicator

Reflects economic conditions

Meaning of SEBI

Securities and Exchange Board of India is the regulatory authority overseeing India's securities market.

Establishment

Formed in 1988

Statutory status in 1992

Objectives of SEBI

1. Investor Protection

Protect investors from unfair practices.

2. Market Development

Promote healthy growth of securities markets.

3. Market Regulation

Ensure fair and transparent trading.

Functions of SEBI

A. Protective Functions

Prevent insider trading

Prevent fraudulent activities

Protect investors

B. Regulatory Functions

Regulate stock exchanges

Regulate intermediaries

C. Developmental Functions

Investor education

Market research

Training of intermediaries