

**INDIAN FINANCIAL SYSTEM IMPORTANT CONSTITUENTS OF INDIAN
FINANCIAL SYSTEM**

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ABSTRACT

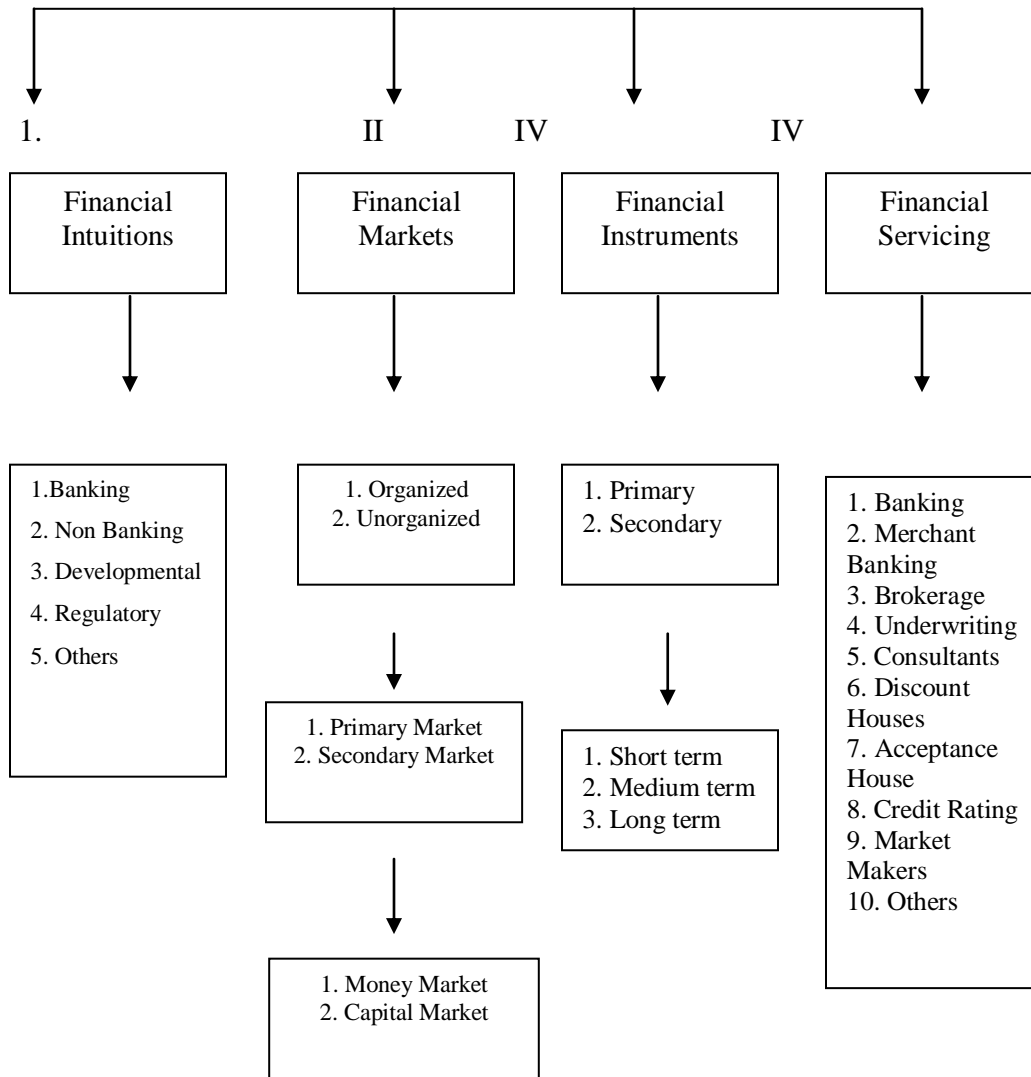
An efficient and developed financial system is indispensable for rapid economic growth of any economy since the process of economic development is invariably accompanied by a corresponding parallel growth of financial organization. The financial sector of a country consists of specialized and non-specialized financial institutions of organized and unorganized financial markets of financial instruments and price which facilitate transfer of funds. The financial system is concerned about money, credit and finance which are intimately related yet are different from each other.

Keywords: Financial institutions/markets/instruments

INDIAN FINANCIAL SYSTEM

Constituents Main Constituents' of Indian Financial System Planned economic development in India has greatly influenced the course of financial development. The liberalization /deregulation/globalization of the Indian economy, sincerely nineties has had important implication for the future course of development of the financial sector. Financial systems may be said to be made up of all these channels through which savings become available for instrument.

Constituents of Indian Financial System



I. Financial Institutions:

Financial institutions are institutions which mobilize and transfer the services or funds from surplus units to deficit units directly or indirectly. These institutions promote savings, collect them and allocate among various uses on the basis of best rewarding unit to get First. Financial institutions are also termed as financial intermediaries because they act as middle men between savers and borrowers.

II. Financial Market:

Financial market is a place or mechanism where savings/funds are transferred. This market facilitates the change of financial assets among dealers by making sale and purchase smooth of these assets.

III Financial Instruments

Financial instruments are traded or dealt within a financial market are financial instruments/ assets or securities. They are varieties of securities as the requirements of borrowers and lenders varied.

IV. Financial Services

Financial services help not only to raise the required fund but also ensure their efficient deployment by helping in deciding the finance mix and extend their services up the stage of servicing of letter.

These services are provided by specialized persons. Financial Institutions, Banks and Insurance Companies and regulated by SEBI, RBI and Dept of Banking and Insurance Under ministry of Finance.

Main Constituents' of Indian Financial System

1. Institutions

(A) Banking Area

Reserve Bank of India (RBI)

Commercial Banks

Co-Operative Banks

* Post-Office Savings Banks

(B) Non-Banking

* Life Insurance Corp of India

(LIC)

* Unit Trust of India (UTI)

* General Insurance Corp (GIC)

* Mutual Funds (MFs)

* Small Savings Organizations

* Provident and Pension Funds

* Nidhi, Chit Funds

* Venture Capital Funds

(VCFs)

* Lease Finance Companies

* National Housing Bank

* Housing Development

Finance Companies (HDFC, HUDCO)

LIC Housing Finance Corporation etc.

(D) Developmental

- * ICICI Bank, IDIBI FCI
- * Industrial Reconstruction Bank of India
- * Export-Import Bank (EXIM Bank)
- * Central Warehousing Corp (CWC)
- * Rural Electrification Corp (REC)
- * Small Ind. Dev. Bank of India (SIDBI)
- * State Finance Corporations (SFCs)
- * Power Finance Corp (PFC)
- * Tourism Finance Corp of India (TUFCI)
- * National Co-op. Dev .Corp (NCDC)
- * NABARD

(D) Regulatory Institutions:

- * Securities and Exchange Board of India (SEBI)
- * Reserve Bank of India (RBI)
- * Board of Industrial and Financial Reconstruction (BIFR)

- * Insurance Regulatory and Development Authority (IRDA)

(E) Other Institutions

- * Export Credit and Guarantee Corp (ECGC)
- * Deposit Insurance and Guarantee Corp (DIGC)
- * Stock Holding Corp of India (SHCI)
- * Discount and Finance House of India (DFHI)
- * Credit Rating and Information Services of India. Ltd (CRISIL)
- * Merchant Bankers
- * Securities Trading Corp. of India (STCI)
- * Primary Dealers (PDS)
- * Depositories
- * Moneylenders, Indigenous Bankers

(2) Financial Markets

- * Stock Exchanges (SEs)
- * Over the Counter Exchange of India (OTCEI)
- * National Stock Exchange (NSE)
- * Equity Market
- * Bond Market
- * Discount Market

- * Foreign Exchange Market
- * Gilt (Govt. Securities) Market
- * Call Money Market
- * Derivative Market
- (3) Financial Instruments
 - * Equity Shares
 - * Industrial Debentures/Bonds
 - * RBI Relief Bonds
 - * Kisan Vikas Patra (KVP)
 - * Industrial Debentures/Bonds
 - * Govt. Securities Bonds
 - * Various National Savings Schemes
 - * National Savings Certificates (NSC)
 - * Various Insurance Plans
 - * Units of UTI/Mutual Funds
 - * American Depository Receipts (ADRs)
 - * Certificate of Deposits (CDs)
 - * Treasury Bills
 - * Commercial Bills
 - * Call Money
 - * Social Security Certificates
 - * Global Depository Receipts (GRDs)
 - * Foreign Equities /Bonds
 - * Future, Option and Swaps
 - * Zero Coupon Bonds
 - * Non-voting shares

- (4) Financial Services
 - * Merchant Banking
 - * Factoring
 - * Credit-Rating
 - * Brokerage
 - * Underwriting
 - * Stock Holding Corp of India
 - * Refinancing
 - * Discounting/Rediscounting
 - * Credit Cards
 - * Portfolio Management
 - * Loan Syndicating
 - * Safe Deposit Values
 - * Funds Transfer
 - * Safe Deposit Vaults
 - * Deposit Guarantee/ Insurance
 - * Hire Purchases
 - * Managing Capital Issue
 - * Market Making
 - * Jobbers
 - * Custodial Services
 - * Depository Services

Conclusion

Financial, system is characterized by the presence of an integrated, organized and regulated financial markets, and institutions that meet the short term and long term financial needs of both the household and

corporate sector. Both Financial markets and financial institutions play an important role in the financial system by rendering various financial services to the community.

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