The Recent Trends in Financial Markets

B Kasi Viswanadham
Assistant Professor, Department of Management Studies, Indo American Institutions Technical Campus, Sankaram, Batlapudi Post, Rebaka, Anakapalle, INDIA

ABSTRACT

Financial market is a market where buyers and sellers participate in the trading of assets such as equities, shares, bonds, debentures and derivatives. In normal terminology financial markets generally refer to raise finance, for long term finance, capital markets; for short term finance, the money market. Normally industries required lot finance. That much of amount banks unable to provide. To overcome this problem industries and companies are going to raise finance in financial markets. It is easy to raise finance from general public through financial markets. It is the cheapest and easiest way to raise money for companies. These financial markets are regulated by securities exchange board of India.

Keywords: financial market, trading, shares, debentures, derivatives, capital market, money market.

I. INTRODUCTION

A financial market is a market in which people trade financial securities, commodities, and other items of value at low transaction costs and at prices that reflect supply and demand. Securities include stocks and bonds, and commodities include precious metals those are gold, silver, agricultural products. The financial market is a broad term describing any marketplace where buyers and sellers participate in the trade of assets such as equities, bonds, currencies and derivatives. Financial markets are typically defined by having transparent pricing, basic regulations on trading, costs and fees and market forces determining the prices of securities that trade. It is easy to raise finance from general public through financial markets. It is the cheapest and easiest way to raise money for companies. These financial markets are regulated by securities exchange board of India.

II. FINANCIAL MARKET FUNCTIONS

1. Economic Barometer:

Stock markets reflect economic position of a country. If stock market indices are rising that country is prosperous. If stock market prices are fallen that country is in depression. In this way they reflect economic position of a country.

2. Pricing of Securities:

The stock market helps to value the securities on the basis of demand and supply factors. The securities of profitable and growth oriented companies are valued higher as there is more demand for such securities.

3. Safety of Transactions:

In stock market every transaction is safe and secure. Why because these markets are regulated by central government autonomous institutions. In our country stock markets are regulated by securities exchange board of India.

4. Contributes to Economic Growth:

When people are invested their surplus money in securities, bonds, shares, debentures. Companies use that money for expansion projects. Governments use that money for welfare and infrastructure growth. In this way financial markets are useful for economic growth.

5. Spreading of Equity Cult:

Stock exchange encourages people to invest in ownership securities by regulating new issues, better trading practices and by educating public about investment.

6. Providing Scope for Speculation:

To ensure liquidity and demand of supply of securities the stock exchange permits healthy speculation of securities.

7. Liquidity:

The main advantage of stock market is liquidity. That why more people are interested in securities.

8. Promotes the Habits of Savings and Investment:

The stock market offers attractive opportunities of investment in various securities. These attractive opportunities encourage people to save more and invest in securities of corporate sector.

III. OBJECTIVES OF THE STUDY

1) To know what is the meaning of financial markets
2) What functions financial markets perform?
IV. REVIEW OF LITERATURE

Financial markets play an important role in economic development of a country. So many authors write their topic on this issue. This article is trying to tell, what type of role financial markets play in economic development of a country, how these are useful to general public and industries.

V. ANALYSIS

To observe the growth of financial markets for the past ten years, we come to understand people are interested to invest their money in financial markets. Previously only bank deposits and government bonds are available for general public to invest the money. But now a days so many financial instruments are available for general public. They give more returns compare to bank deposits and bonds.

VI. CONCLUSION

Financial markets play an important role in economies development. General public are interested to invest their money in financial markets. Financial markets provide this money to industries those who are needed. In this way they play a key role in economic development of a country.

REFERENCES

[7] www.business.gov.in