



“Education for Knowledge, Science & Culture”

-Shikshanmaharshi Dr. BapujiSalunkhe

Shri Swami VivekanandShikshanSanstha's

VIVEKANAND COLLEGE, KOLHAPUR (AUTONOMOUS)

Department of Economics

Topic: **Components of Indian Financial System**

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Money and Finance



Financial System

a set of institutions, such as **banks, insurance companies, and stock exchanges**, that permit the exchange of funds . . . Borrowers, lenders, and investors exchange current funds to finance projects, either for consumption or productive investments, and to pursue **a return on their financial assets.**



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Components of Indian Financial System

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graph TD; A[Components of Indian Financial System] --- B[Institutions]; A --- C[Markets]; A --- D[Instruments]; A --- E[Services]
```

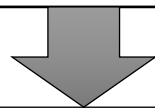
Institutions

Markets

Instruments

Services

Financial Institutions



Banking Institutions



Non-Banking Institutions



Commercial Banks



Cooperative Banks



Money Market

- Market for short term funds
- Maturity period less than or equal to one year
- Treasury Bill Market : 91 days, 181 days and 364 days
<https://www.rbi.org.in/scripts/SearchResults.aspx?search=T%20bills>
- Call Money Market/ Notice Money
<https://www.rbi.org.in/scripts/SearchResults.aspx?search=call%20money>
- Commercial Bill Market

Capital Market

- Market For Long term funds
 - Maturity period more than one
-
- Primary Market
 - Secondary Market
 - Government Bond Market

**Financial
Instruments**

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graph TD; A[Financial Instruments] --> B[Financial Assets]; A --> C[Financial Securities];
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**Financial
Assets**

**Financial
Securities**

Equilibrium
of
financial market

Financial System and Economic development

1. Saving Investment relationship
2. Growth of Capital Market
3. Foreign exchange Market
4. Government Securities
5. Infrastructure and Growth
6. Trade Development
7. Employment Growth
8. Venture Capital
9. Balanced Economic Growth
10. Other