FINANCIAL SERVICE MANAGEMENT

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CHAPTER 1

MAJOR COMPONENTS OF THE FINANCIAL SYSTEM

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ABSTRACT:

The financial system serves as the backbone of any economy, facilitating the efficient allocation of resources and the smooth functioning of financial markets. This abstract provides a comprehensive overview of the major components that constitute the financial system, shedding light on their interdependence and roles in fostering economic growth. The key components include financial institutions, financial markets, and financial instruments. Financial institutions, comprising banks, credit unions, and non-banking financial institutions, play a crucial role in intermediating between savers and borrowers. They facilitate the flow of funds, provide essential financial services, and contribute to the stability of the overall financial system. Moreover, regulatory bodies and central banks act as vital overseers, ensuring the soundness and integrity of financial institutions. Financial markets serve as platforms for the buying and selling of financial assets, enabling price discovery and liquidity. Equity markets, bond markets, and foreign exchange markets are examples of various markets that constitute the financial system. The efficiency and transparency of these markets are pivotal in fostering investor confidence and ensuring the proper functioning of the broader economy.

KEYWORDS:

Banks, Bond Markets, Central Banks, Equity Markets, Financial Instruments, Financial Institutions.

INTRODUCTION

The financial system is like the nerve system of the country's economy. A country's economy mostly depends on a good financial system. The financial system is made up of many smaller systems such as banks, stock markets, and financial services. In general, the financial system in developing countries is still growing and getting better. In every economy, people and groups make and use money.

The financial system helps people save money, invest it in businesses, and encourage people to start their businesses. It is an important tool for keeping track of how well a country's economy is doing because everything is ultimately measured in money. Every country's economy needs a good financial system to work properly. The financial system helps move money and other resources from one part of the economy to another. The financial system of a country includes different types of banks, stock markets, and other places where people can save and borrow money. It also includes financial services like loans and investing, which help money move from one person to another. The term "financial system" refers to a complex group of banks, markets, and transactions that are all connected and work together in the economy. The financial system deals with lending, money, and financial matters[1], [2].

Money comes from the financial system, and things like products and services come from the real system. The real system and the financial system need to work together for things to be made and produced. Buying and selling money and other financial things is how the financial system works. Saving money and encouraging people to invest are important tasks of the

money and capital markets in India. These markets are part of the country's financial system. The goal of all economic activity is to make people's lives better by increasing their standard of living. This depends on how much money people have and how that money is spread out to buy things people need. The financial system helps people save their money and invest it to make more money. The financial system working well helps move money around. The financial system helps investors and institutions work together to make investments, which leads to more financial growth and faster economic development. A good financial system in a country helps it grow and develop in many ways. Encouraging people to save money and use it to invest. Giving money to businesses so they can do their work. Making money or increasing the amount of wealth by using resources in the best way possible. The money system of an economy includes banks, stock markets, money tools, and money services. The financial system does important things for the economy. It helps to gather money for the economy. It makes sure that resources are spread out well across different types of investments. It gives people money to spend, which helps them buy things and pay for services. It moves resources from one part of the economy to another. It speeds up the growth of the economy. It helps to manage and control risks and uncertainties. The financial system helps to share information about money[3], [4].

It helps people start their businesses and creates more jobs. The financial system has four main parts. We need to simplify the language to make it easier to understand. Money markets. Please rewrite the following passage using simpler language. Financial institutions are organizations that provide services related to money and finance. Make the text easier to understand. Money tools Financial Institutions use different financial tools to gather people's savings, through financial markets. They work with different financial service providers to do this. A summary of these four parts is provided[5], [6].

DISCUSSION

Financial markets are where people and organizations move their money from one place to another within the financial system. These markets can be divided into two main types: Money market and capital market. The primary market is where companies sell stocks and bonds for the first time, and the secondary market is where these securities are traded after their initial sale. The money market handles short-term money and assets, while the capital market deals with longer-term assets. But both markets do the same thing - they move extra money from those who have it to those who need it. Another way to classify markets is: Primary markets involve selling new securities, while secondary markets involve trading securities that have already been issued and are available for purchase. New securities are sold in the primary market to raise money directly, while the secondary market helps to trade these securities and make it easier for people to buy and sell them.

This indirectly helps to raise money from savings. Financial institutions are businesses that work with money and help people manage their finances. They move and give money from people who have extra to people who need it, and also offer different money services. These money organizations are Commercial banks, Merchant banks, Insurance companies, Mutual funds, and others. They are very important for the financial system. Financial instruments are things that are bought and sold in a financial market. They can be things like stocks, bonds, and other types of investments. Different securities are traded in the financial market because lenders and investors have different needs from borrowers. Financial assets are something you own that gives you the right to get back the money you invested in the future, along with any extra money you may earn from it. Financial instruments are split into two types: capital market instruments and money market instruments. Some examples of these financial instruments are stocks, preferred stocks, loans, IOUs, savings bonds, and short-term loans.

Financial services are the help that banks and other financial companies give in the money markets. Financial services not only help in getting the money we need, but also make sure it's used well. The different financial services offered are leasing, merchant banking, credit cards, factoring, banking, insurance, and more[7], [8].

The four parts of the financial system, which are financial markets, financial instruments, financial intermediaries, and financial services, are connected. They rely on each other and work together all the time. Their connection helps make the financial system work better and more smoothly. Banks and other money-related companies use different kinds of tools to gather people's savings. These tools can be bought and sold in financial markets. These institutions help move money around in the financial system by providing special financial services. Banks and other money-related businesses are closely linked to the money market in the economy. Financial institutions trade financial items and offer financial services. This makes the financial markets larger, easier to buy and sell in, and more varied. Financial institutions use financial markets when they need money.

The creation of new advanced financial markets has led to the development of complicated investments and collections of investments. Complex securities, portfolios, and strategies need financial expertise. Financial institutions offer this expertise through financial services. Advancements in technology have greatly changed how banks and other financial institutions work. Investing in financial instruments is more appealing when the markets are doing well, and if investors make more money, they may be more likely to save even more. The next part of the chapter talks about the four parts of the financial system in detail. A market is a place where things can be bought and sold. It helps people and businesses exchange resources. A financial market is a place where people can buy and sell things like stocks, bonds, and loans. A financial market is a place where people buy and sell things like stocks, bonds, and other investments. Transactions in the financial market can happen in a certain place like a bank or stock exchange, or through other ways like using the phone or other electronic media. According to Brigham and Eugene F, a financial market is where people and organizations who want to borrow money meet with those who have extra money to lend. A dynamic and strong financial market is important for an economy to grow quickly.

Functions of Financial Markets

The financial market has two main functions: one helps the economy and the other deals with money.

Roles of the economy

It helps move money from people who lend it to people who borrow it in the financial system. Lenders make money from their extra money by earning interest or dividends. This helps them make more money and also helps the country make more money. People borrow money to start new businesses and make more money. This helps them buy more things and have a better life. By helping move real things around, it helps the economy and the people in the country. It helps new savings go into the stock market, making it easier for the economy to gather money for investments. The markets let people figure out the price for the things they want and need by talking to each other. When buyers and sellers come together in the financial market, they help to figure out the prices of financial assets. Financial markets allow investors to sell their investments and turn them into cash. If there's no money available, the owner will have to keep the loan until it's fully paid off. "The financial market saves you time and money when you want to buy or sell financial products. Search costs are the money you spend to tell people you want to buy or sell something valuable like stocks or bonds[9], [10].

Money Functions

It gives people money to use for investing. It gives lenders assets that they can use to invest in things without needing to own the assets themselves. It makes it easy for people to sell their investments for cash whenever they want, which helps keep the market running smoothly. Therefore, the financial market is a key part of the financial system. The financial markets help people to save money for new businesses and also offer ways to invest money to make more money. In simple terms, these markets handle money and other tasks. The financial markets help people get money to build things like buildings and products, as well as to buy things for everyday use. This is why financial markets handle the movement of money between people who save and invest, as well as between organizations that save and invest. Classification of financial markets means organizing the different types of markets where financial assets like stocks, bonds, and commodities are bought and sold.

The financial market is made up of different kinds of institutions like banks and other financial companies. Financial markets are divided into different categories, such as:The text is about how to rephrase a piece of information in simpler language. The main and second markets; and Jessica had an unsettling feeling that something bad was going to happen. She couldn't shake the feeling, no matter how hard she tried. “Jessica had a strong feeling that something bad was going to happen. She couldn't get rid of the feeling, no matter how much she tried. Capital Market is a place where long-term securities like stocks, bonds, and mutual funds are bought and sold. Money Market is a place where short-term securities like Treasury bills, commercial papers, and certificates of deposit are traded.

The primary market is where new securities are first sold, while the secondary market is where already-existing securities are traded. In the primary market, the government or companies sell securities to investors. In a secondary market, no extra money goes towards more investments. In the secondary market, no new money is created because it only involves buying and selling of already existing securities. The secondary market helps them a lot. If there is no place to buy or sell long-term investments, people would have to keep them for a very long time. If there is no organized market, investors would have to do the work themselves to sell or buy their securities. If there's no place to sell your stuff again, you might lose money because you don't know how much it's worth. On one hand, the money market is for short-term financial assets and the capital market is for long-term financial assets.

Primary and Secondary Markets - Things that are alike

The primary market and secondary market are closely connected. This is obvious from the following:

Change the writing into simpler words. Buying and selling stocks: Before stocks can be traded on the stock exchange, they must first be issued in the primary market. Only shares that can be listed on well-known stock exchanges will be fully bought in the primary market. Can you rewrite this text in easier words? Rules: SEBI and stock exchanges control the rules for both the main and secondary markets. The goal is to make both the primary and secondary market more organized.The text is incomplete and cannot be simplified without more context. Selling power: The ability to sell easily in the secondary market really helps those who buy in the primary market. For example, the good trends in the stock market help investors sell some of their stocks and buy new ones[11], [12].

Conditions in the secondary market can determine if an investment in the primary market will do well or not. So, if the secondary market is doing well with high prices, then the new stocks being sold in the primary market will also do well and be successful. Problems would sell for

high prices. The second-hand market needs the first-hand market to work well in order to survive. Stock exchanges need primary markets to exist, and primary markets need stock exchanges to work well.

Advice and information help: Different services are available to give advice and information to improve how companies sell their stocks in the stock market. The important services include deciding what kind of securities to sell, how to set the price, when to sell them, how many to sell, how to market them, and the rules for buying and selling.If a company isn't sure it will raise all the money it needs from the stock market, there are ways to make sure the company still gets the money it needs. It is the task of 'underwriting'. Underwriting is making sure that enough people will buy shares in a public offering. Underwriters make sure the sale of the securities is successful by promising to buy them if the public doesn't. It helps the company, the people who invest in it, and the overall stock market. Underwriting is done for a fee. okaythe way companies sell their stocks to investors is called "distribution". Specialized agencies like brokers and dealers help with distributing goods and services. They stay connected with the people who make investments and the ones who ultimately invest their money.

The second-hand market.

The place where people buy and sell stocks and other securities is called the secondary market or stock market. It helps financial instruments to be bought and sold easily after they are first issued in the market. In the stock market, people buy and sell things like government securities, company shares, and bonds.The primary market is where new securities are sold for the first time, while the secondary market is where existing securities are bought and sold. In the first market, the government or companies sell stocks or bonds to people who want to buy them. In the secondary market, there is no extra money available for more investments. Trading in the secondary market doesn't bring in new money because it involves buying and selling stocks that already exist. The secondary market is very helpful to people.

If there is no way for people to sell long-term securities, they would have to keep them for a very long time. If there is no place to buy and sell stocks, investors would have to do it themselves. If there is no secondary market, sellers might lose money because they don't know the true value of the securities. If it's hard to buy and sell the securities, investors won't put their money into them. Therefore, the companies would have had a lot of trouble getting money by selling shares and debentures. As a result, industrial growth would have been less. So, when people trade stocks and bonds, it helps make the market for new stocks and bonds more active and easier to buy and sell. The secondary market's growth and efficiency affect how well the primary market can develop. To make sure the secondary market works well, we need to have proper control over it. Right now, control is done through three main processes:

1. Stock exchanges are places where people can buy and sell shares of companies.
2. Stocks being listed on stock markets.
3. Signing up brokers.

Acknowledgment of Stock Markets

The stock exchanges have to be approved by a government agency as part of how they work in the stock market. Stocks that are first sold to the public can only be bought and sold on official stock exchanges like the Bombay stock exchange, NSE, and Bangalore stock exchange. In India, SEBI is approving the stock markets.

Stock Exchanges List Securities

Once the stock market allows trading, companies need to list their stocks and other securities on the stock market. Brokers help the secondary market work well by handling trades. Sub-brokers must be approved by SEBI before they can trade on stock exchanges.

Functions/Services of Secondary Market / Stock Market

The stock market is very important in the financial system. It does many important things for the economy and helps investors and companies. They are:

Turning assets into cash

Stock exchanges make it easy for people to turn their investments into cash by letting them sell their securities at any time for the listed prices. The ability for securities to be sold easily in the market.The secondary market helps people buy and sell stocks at set prices. This makes it easier for investors to trade the stocks they own or want to own. So, they make a market where securities can be easily bought and sold.

Investors' money safe

Stock exchanges keep invested money safe because they have to follow strict rules and regulations to make sure that the money is protected. SEBI makes these rules. This would make investors feel surer and encouraged to invest more money.

Access to Money for Companies for a Long Time

Stock market securities can be bought and sold easily. When one investor gives money to another, the company is sure that it will have money for a long time.

Profit project

The success and how much people like companies are shown in their stock prices. The prices show how well the companies are doing and how much money they make. Money goes to successful companies' stocks, which helps make more money flow into successful businesses. Companies want to do better because they're motivated.

The prices of company stocks in the stock market show how well the company is doing. The price of stocks and bonds can go up or down based on how well a company is doing. These prices are easier for people to see. The stock market shows the prices of stocks that are for sale. This means that when a company is seen by the public, it becomes aware of how it is doing compared to other companies. This can encourage the company to work even harder to do better. Encouraging people to invest their money in good opportunities.Stock markets help people save money and invest in companies by selling shares of stock. If there isn't a good way to sell investments later, people won't be able to invest.

Access to Business Information

Changes in the economy quickly affect the stock market. Market ups and downs can be seen by watching the stock market. Based on the information available, the government can make plans to prevent problems. So, the stock market shows how the economy is doing to everyone so they can make good decisions. Companies promoting and marketing new products.

When new stocks are added to the stock market, anyone can buy them because the stock exchange has checked and approved them. The costs of supporting such problems would be

lower. Many people would be very interested in these new issues. Therefore, a stock exchange helps companies sell new shares.

Other services offered

The stock exchange allows investors to lower their risks by spreading their money out across different types of investments. It also helps people save money and start businesses. It helps investors pick which stocks to buy by showing them the daily prices of the stocks and telling them how the stocks are being traded on the stock market. It helps companies and the government get money by offering a place for people to buy their stocks and bonds.

CONCLUSION

The important parts of the financial system are closely connected to the growth and stability of the economy. Banks, stock markets, and financial tools are very important for an economy. They help manage money, spread out risk, and provide chances to invest. The fact that these parts rely on each other shows that we need to look at the whole financial system when we regulate and oversee it. Financial institutions are really important because they help connect people who want to save their money with people who want to borrow money. This helps make sure there is enough money available for people to borrow and also encourages people to save. This all helps the economy to grow.

The ever-changing financial markets have a lot of different ways to invest, which helps set the right prices for things like stocks and bonds, and makes it easier to move money around. Additionally, financial tools help investors spread out their risks and choose investment strategies that work best for them.

Government rules and banks have an important job to keep the financial system safe and working well. Strong rules are really important to stop big risks, make things clear, and make people feel good about being in the market. As money systems keep changing because of technology and the world economy, people who make the rules and laws about money need to stay alert and be able to adjust to deal with new problems.

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CHAPTER 2

EXAMINING THE INDIAN STOCK MARKET: A REVIEW STUDY

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ABSTRACT:

The Indian Stock Market, characterized by its vibrancy and resilience, serves as a key platform for capital mobilization, price discovery, and investment opportunities. Comprising major stock exchanges such as the Bombay Stock Exchange (BSE) and the National Stock Exchange (NSE), this market plays a pivotal role in shaping India's economic trajectory. The abstract explores the primary features of the Indian Stock Market, including its structural components, regulatory framework, and the diverse array of participants involved. It delves into the role of listed companies, institutional investors, retail traders, and regulatory bodies in contributing to the market's efficiency and transparency. Market indices, such as the Nifty 50 and Sensex, are examined as barometers of market performance, reflecting the collective movements of listed stocks. The abstract highlights the market's susceptibility to both domestic and international factors, emphasizing the interconnectedness of the Indian Stock Market with global financial markets. Furthermore, the abstract touches upon recent trends and developments, including the integration of technology, regulatory reforms, and the impact of economic policies on market dynamics. The resilience of the Indian Stock Market, as demonstrated through various economic cycles and challenges, is a testament to its adaptability and significance in the broader financial ecosystem.

KEYWORDS:

Bombay Stock Exchange (BSE), Financial Markets, Initial Public Offerings (IPOs), Investors, National Stock Exchange (NSE).

INTRODUCTION

The Stock Exchange is a place where people come together to buy and sell stocks and other investments. The members can either work for their clients or for themselves. Stock markets also allow companies to issue and redeem stocks and other financial assets, as well as pay out earnings and dividends. Keeping records is very important, but trade doesn't depend on a physical location anymore because modern markets are operated using computers. Only members and stockbrokers can trade on the exchange. According to the Securities Contract Regulation Act of 1956, an exchange is any group that helps, regulates, or controls the buying and selling of securities.

This group can be made up of individuals, and it can be incorporated or not. The SCR act says that a stock exchange needs to be approved by the Indian government. The stock exchange is run by a group of people including a president, vice president, executive director, elected directors, public representatives, and government nominees. The people in charge make rules and make sure the exchange works well. The executive director or secretary is responsible for the executive functions. The Indian government has the power to make laws for stock exchanges according to the Constitution. In 1956, the government made a law called the Securities Contracts Act to regulate stock exchanges and deals in securities traded on the stock exchanges. The SCR Act and the Securities Contracts Rules, 1957, are the rules that control stock exchanges and help keep investors safe[1], [2].

Indian stock market

The Indian stock market is one of the oldest in Asia. It goes back to the end of the 18th century when the East India Company used to do loan transactions. In the 1830s, people in Bombay bought and sold stocks of companies like Banks and Cotton presses. During 1840 and 1850, there were only a few brokers even though there was a lot of trading happening. In the mid-1850s, a group of 22 stockbrokers started trading under a big tree in Bombay, each investing just one Rupee. This large banyan tree is still in the Harriman Circle Park in Mumbai. In 1860, the market grew with 60 traders. Actually, the "Share Mania" in India started when the American Civil War began and the cotton supply from the US to Europe was stopped. Also, the number of brokers went up to 250. The stockbrokers formed a group called The Native Share and Stockbrokers Association, which later became the Bombay Stock Exchange in 1875. BSE moved to an old building close to the Town Hall. In 1928, the land for the BSE building was bought, and the building was built and used in 1930. PremchandRoychand was a top stockbroker back then.

He helped create rules for trading stocks at the Bombay Stock Exchange, and those rules are still used today. In 1956, the Indian government said that the Bombay Stock Exchange was the first stock exchange in the country. The most important time in BSE history happened after 1992. After a big problem with cheating in the market by someone called Harshad Mehta, BSE refused to make any changes when people asked them to. The slow actions of the BSE made the government take a stronger stance, leading to the creation of the National Stock Exchange with an electronic marketplace. The NSE began trading on November 4, 1994. In less than a year, NSE's trading volume was higher than BSE's. BSE tried to use machines to do things faster, but it couldn't keep up with NSE in how much money was being traded. The next big mistake at BSE happened in the two years after that. NSE started trading in equity derivatives. BSE tried to stop equity derivatives trading by working with a helpful SEBI chairman through political means. The Bombay Stock Exchange and Delhi. "R" Mehta was able to delay the start of equity derivatives trading by about five years. However, this trading and the change to rolling settlement for the spot market happened in 2000 and 2001. This was partly due to another scandal at BSE involving the President at the time [3], [4].

Screen-based Trading System / Online Trading System

Before the NSE started, people used to trade stocks in India by shouting out their offers without using computers to match or record trades right away. This took a lot of time and was not effective. Physical trading put restrictions on how much trading could happen and how quickly new information could affect prices. To prevent this, the NSE made a new way to trade using a computer where members can enter the amount of shares and the prices they want to buy or sell.

The trade happens when a trading member's price matches someone else's price to either buy or sell. SBTS uses technology to connect people who want to buy and sell things. This helps save time, money, and reduces the chances of mistakes and fraud. SBTS helps people far away from each other to trade and makes the markets easier to buy and sell in. Trades happen fast and lots of people can trade at the same time. This makes prices change quickly in response to new information.

This makes markets work better by giving more information. SBTS helps people see the whole market, which makes it clear and boosts confidence for investors. The NSE started a new trading system that is fair and transparent for traders all over the country. Local stock markets lost a large amount of business to the National Stock Exchange (NSE), so they had to start using a new system called SBTS.

Trading stuff on the internet

The trading system of the Bombay Stock Exchange is commonly called BOLT. The BSE started using an online trading system on March 14, 1995. BOLT has a two-level design. The workstations for traders are connected straight to the main server, which works as a communication server and a central trading engine. The system also offers other services such as sharing information, calculating indexes, and keeping track of positions. It's important for people in the market to use the trader workstations to get current information quickly so they can make fast decisions. BOLT can now connect with different information vendors such as Bloomberg, Bridge, and Reuters. Real-time market information is sent to news agencies. It helps trade go faster and smoother. NSE gives its customers a computer system called NEAT for trading. Customers can enter the amount and price of the securities they want to buy or sell. The system will then find a match and execute the trade right away. It uses technology to match orders quickly and accurately, which saves time and money and reduces the risk of mistakes and fraud. This helps operations run more smoothly. It helps to quickly add important price information to current prices, which makes markets more efficient. The stocks are held in a way that makes them faster, easier to see, and more efficient to keep and trade them[5], [6].

Rules for the Stock Market

The laws passed in 1956 and 1992 set up rules for trading stocks and other investments in India. The government agencies that regulate the securities market are the Department of Economic Affairs, Department of Company Affairs, Reserve Bank of India, and Securities and Exchange Board of India. The Ministry of Finance's Stock Exchanges Division has the power to enforce the SCR Act and grant licenses to dealers in this area. According to the SEBI Act, the Ministry of Finance has the authority to oversee and review the decisions made by SEBI. It can approve the Stock Exchanges and control how they work. The Ministry of Finance can permit for the leaders to be hired and for public representatives to be chosen for the governing boards of the stock exchanges. It must stop people from making bad guesses.

The Securities and Exchange Board of India was started in 1988, but it didn't have official powers until January 30, 1992. The SEBI Act gives SEBI a lot of power. SEBI can control the way stock exchanges, other markets for investments, and mutual funds operate. SEBI also makes sure that market middlemen are registered and follow the rules. It must stop dishonest and unfair trading and deals made by people with inside information. The SEBI also keeps an eye on takeovers. Stock exchanges have to give SEBI regular financial reports. SEBI's main goal is to help the stock market grow in a good way and keep investors safe. It also helps the central bank control how much money is created in the economy. Capital market is a place where people buy and sell stocks and other assets. The capital market is where people can get money for a long time. It has places and ways to gather money from people and organizations for a long time, and then lend it to businesses. The capital market trades in stocks, bonds, and other investments.

DISCUSSION

Financial instruments are things like stocks, bonds, and other assets that are bought and sold in the financial market. Financial assets are things that give you money regularly, like interest or dividends. The money received from financial assets depends on the type of financial instruments you have. For example, when someone invests in bonds, debentures, or bank deposits, they get regular interest payments and get their initial investment back when a certain amount of time has passed. Irredeemable bonds pay interest to the holder regularly, but the principal is only paid back when the company closes. Companies that sell common

stocks give out regular dividend payments and you can also expect the value of the stocks to go up over time. Money market instruments are a type of short-term debt that are easy to buy and sell. They are traded in the money market. Some of these tools are quickly explained:

Treasury Bills are a safe way for the government to borrow money for a short time. They are issued by the Central Bank. In India, people can't invest their own money in money market stuff. It's risky and doesn't give much profit. You can buy it in the main market or the extra market. It means you agree to give a certain amount of money at a later time. T-bills are short-term investments that get paid back in a year or less. They are given for three months, six months, or one year. The government sells T-Bills for less than their full value. They are given with a guarantee to pay the full amount when they become due. T-Bills are sold at auctions where people make offers to buy them. Currently, the Indian government sells three types of treasury bills by auction. They are for 91 days, 182 days, and 364 days. Treasury bills start at 25,000 rupees and you can buy them in multiples of that amount[7], [8].

Commercial papers are a cheaper option than bank loans. It is a promise to pay back a loan, issued by companies and banks at a lower price than the full amount. They are usually given for a set period, between one to 270 days, to help with paying bills and buying things for a short time. Commercial paper is a type of financial tool that is not secured by any valuable assets. Only companies with good credit scores will be able to sell it easily without having to give big discounts. Businesses give out certificates to make it easier to get money when they need it for their day-to-day operations. Commercial Papers are regularly bought and sold in a market after being issued as promises to pay, and can easily be transferred as digital documents.

Certificate of Deposit (CD)

It's like borrowing money from a bank for a short time and putting it into a special account. A bank gives you a certificate that says they promise to pay you interest. The certificate has the date when it will be ready, how much interest it will earn, and how much it's worth. It can be given in any amount. They are marked and passed on with a signature. The period is usually between three months and five years and the people who have it can't take out their money whenever they want. However, if you pay a fee, you can take the money out whenever you want. Certificate of deposit returns are higher than T-Bills because they have more risk.

Repo/Reverse Repo: A Repo or Reverse Repo is when two parties agree to sell and buy back the same security as a short-term loan. They are often used for borrowing money overnight. Reverse Repo transactions can only be done between parties approved by RBI and in RBI-approved securities like government securities, T-bills, bonds, etc. Under a repurchase agreement, the seller sells certain securities and agrees to buy them back at a later date and at an agreed price. The buyer buys the securities with a promise to sell them back to the seller at a set price on a specific date. When someone sells securities and then buys them back later, it's called a Repo. When someone buys securities and then sells them back later, it's called a Reverse Repo. So, whether a certain agreement is called a Repo or Reverse Repo depends on which party started the transaction. The person lending or buying in a Repo gets paid for letting the other person use their money[9], [10].

Call Money

Banks use call money when they need cash for a short time. They usually borrow and lend money to each other every day. You can pay it back whenever you want, and it can last from one day to two weeks. Call rate is the interest rate on a loan for call money. Some important

tools of the capital market are: The new student is coming to our class tomorrow. Equity shares are a type of stock that represents ownership in a company.

Equity shares are also called ordinary shares. When you own equity shares, you own a part of a company and take on the most risk in case the business doesn't do well. The person who owns these shares is part of the company and can vote on important decisions. Common shares, except for those that don't have voting power, can vote at all company meetings. These votes can change how the company is run. Common shares have the right to get a share of the company's profits through dividend and bonus shares. Equity shareholders aren't able to insist that the company pays dividends. It's up to the Board of Directors to decide. When the company closes, shareholders will get their money for their shares only after all the creditors and preference shareholders have been paid. Preference shares are a type of stock that gives its holder priority over common stockholders when it comes to receiving dividends and assets if the company liquidates.

It is a special kind of long-term funding tool that has some features of both stocks and bonds. It is like a debenture because it pays a set amount of money as a dividend. It has more priority than stocks in terms of getting paid back if the company goes out of business. And it doesn't give you the right to vote on company decisions. It is like equity capital because it doesn't have to pay dividends and the type that can't be redeemed doesn't have an end date. Preference shares can be of different types: redeemable and irredeemable, convertible and non-convertible, and participative and non-participative. Go to the store and buy some milk. Debentures and bonds are loans that you give to a company or government. They promise to pay you back with interest[11], [12].

In the Companies Act, 1956, debentures are described as any kind of loan document issued by a company, which shows that the company owes a debt to someone. A company gives this paper to show that it owes money. It has a date for when the debt will be paid and says when the company will pay back the money it borrowed plus the extra money for borrowing it. Debenture often puts a claim on the business or its assets. In this situation, when a company borrows money, the lenders are protected because they can take legal action to get their money back if the company doesn't pay them. They can sell the company's assets that were used as security for the loan to get their money back. ADR/GDR refers to American Depositary Receipts/Global Depositary Receipts.

An American Depositary Receipt (ADR) or Global Depositary Receipt (GDR) is an easy way for investors to buy shares in companies that are listed in other countries. An ADR or GDR is like a certificate from a bank that gives you ownership of a foreign company's shares. It can go on a stock exchange and be bought and sold like a regular share. A person who owns an ADR or GDR can get all the benefits from the company's shares, like dividends and rights to buy more shares. They can vote sometimes, but not always. An ADR is listed in the US, as the name suggests. A GDR is usually found on stock exchanges in London or Luxembourg. A European bank sometimes makes a document called a European Depositary Receipt, but we don't hear that term very often. Let's use ICICI Bank as a real example. This stock is on the India stock market and most foreign investors can't buy it. However, there is a certificate issued in New York that is traded on the New York stock exchange, and anyone can buy it. Deutsche Bank issues a piece of paper that shows you own shares of ICICI, called a depositary receipt. For every depositary receipt out there, Deutsche Bank has the same number of shares from India listed companies on behalf of the ADR owners. One ADR or GDR may not always represent a single share of the original stock. The ADR from ICICI represents two shares of ICICI that are listed in India and is priced accordingly.

Bonds that can be traded for foreign money

A Foreign Currency Convertible Bond is like a loan that companies or countries can sell to people from other countries. They are named in any foreign money that can be easily exchanged. Euro Convertible Bonds are typically given out as a type of loan that is not backed by any collateral from the borrowers. FCCBs are a type of investment that is like a loan but can be changed into stocks or depository receipts. Investors who have FCCBs can choose to turn them into company shares using a set formula or exchange rate. The investor can also choose to keep the bond. The FCCBs give the issuer the advantage of paying lower interest compared to a non-convertible debt. By selling these bonds, a company can avoid reducing its earnings per share, which might happen if it sold more shares of stock. But even though it's a bond, it can still be traded like a share of stock.

Term Loan

A term loan is when a bank or financial institution lends money for more than one year, usually up to 10 years. It gives a lot of money for starting a new business or making an existing one bigger and better by buying land, buildings, machines, or other things. So, term loan is also known as Project Financing. A term loan has an interest rate that can go up or down. Poison pill: when a company makes more shares to stop another company from buying it, making it harder for the other company to take control. This is done by increasing the number of shares available for the other company to buy. Financial institutions help people save and invest their money smartly.

CONCLUSION

The Indian Stock Market is a strong and flexible financial system that is very important for the country's economy. This market is important for gathering money, investing, and figuring out the value of things. It has lively trading, like the BSE and NSE. The conclusion shows that many different types of people, like big companies, investors, and regular people who trade stocks, all work together to make the market run smoothly. Regulatory bodies make sure that there are rules to keep innovation in check and reduce risks. This helps investors feel more confident and keeps the market fair. The Nifty 50 and Sensex are important markers that show how well all the listed stocks are doing and give us an idea of how the overall market is feeling. The Indian Stock Market is affected by things happening in India and around the world. This shows that it is connected to the larger financial world and can show how the economy is doing.

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CHAPTER 3

EXPLORING THE NON-BANKING FINANCIAL INSTITUTIONS

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ABSTRACT:

The unique characteristics of NBFI, emphasizing their ability to provide specialized financial products and services that complement traditional banking offerings. These institutions often operate in niche markets, catering to specific needs such as insurance coverage, investment management, and long-term savings, thereby contributing to the overall diversification and resilience of the financial sector. Additionally, the abstract delves into the regulatory framework governing NBFI, highlighting the importance of prudential regulations to safeguard financial stability and protect the interests of stakeholders. The risk profile of NBFI, distinct from traditional banks, underscores the necessity for tailored regulatory measures that address the complexities of their operations. The abstract also discusses the evolving landscape of NBFI in the context of technological advancements and changing consumer preferences. Fintech-driven innovations, coupled with the rise of digital platforms, are influencing the way NBFI deliver services, enhancing efficiency, and expanding financial inclusion.

KEYWORDS:

Asset Management Companies, Finance Companies, Insurance Companies, Investment Banks, Microfinance Institutions, Mutual Funds.

INTRODUCTION

An External Commercial Borrowing is a way for Indian companies to get money from foreign countries. ECBs are different types of loans that commercial banks give to businesses. These loans can also come from buyers, suppliers, or other financial instruments like bonds. This also means getting money from governments and businesses to help with exporting. This money can come from organizations like the International Finance Corporation, ADB, AFIC, CDC, and others. You can't use ECBs to invest in the stock market or to speculate in real estate. The DEA, Ministry of Finance, and Reserve Bank of India work together to make and enforce rules for borrowing money from abroad[1], [2].

Banks and other money-related companies.

The way money works is very important for a country to grow and do well. The most important part of this sector is the financial institutions, which help move money from people who save to people who borrow. Banks have usually been the main place where the economy gets money to use for a long time. These places offer different kinds of money services and products to help businesses with their different needs. Additionally, they help new businesses, small and medium-sized companies, and industries in less developed areas. So, they have helped to decrease the differences between different areas by causing a lot of new industries to be built. Banks and other money-related businesses offer a wide range of financial services that can help people manage their money. Financial institutions help people manage their money and meet their financial goals. They provide services like savings accounts, loans, and investment opportunities. They also offer protection for your money and help you have access to it when you need it.

Investing through financial intermediaries has advantages compared to investing directly in the financial market. Economy of scale happens when banks and other financial companies do a lot of big money activities together and save money. Reduced cost of buying and selling: When lots of transactions happen at once, the cost for each one is lower compared to if people did the transactions by themselves. Diversification: Because financial institutions handle a lot of money from different sources, they spread out their investments to lower the risk[3], [4].

Banks and other financial companies in India

The Indian government has set up many financial institutions to make sure different parts of the economy can get the money they need. Research on banks in India focuses on the RBI, which is the main bank in India. Financial Institutions can be grouped into two main categories: banks and non-bank financial institutions. A bank is a place where people put their money and can get services like bank accounts, loans, and investing options. A NBFC is a financial organization that offers various financial services like loans, investments, and insurance, but doesn't take cash deposits from customers like a bank does. Banks have to keep a certain amount of money in reserve by law. They can also give out loans by creating IOUs for themselves. Non-bank financial institutions can only lend money that has been given to them by savers.

The RBI is the main bank of the country and is the most important organization in the money market. It controls and creates rules for how money is managed in the country. It acts like the government's bank and handles a lot of the government's money. It also buys and sells different kinds of government-related investments, like bonds. In short, the RBI is a part of the government that plays a role in financial markets in various ways.

The over-the-counter market is another way to trade stocks after they are first sold. It is also called a dealer market. The term "over-the-counter" means stocks that are not traded on a stock exchange. Keeping enough money from other countries: Controlling how much we lend. Banks that offer services to businesses and the public. Another important part of the financial system is the commercial bank. Most of the financial activities are done by commercial banks. Commercial banks are like a piggy bank and a money lender. They take people's money and they also give out loans. In addition to this, they also do other jobs and help other organizations[5], [6].

Banks that work together

Co-operative banks do a lot of the same things as commercial banks. They are set up as co-operative organizations.

DISCUSSION

Indigenous Bankers and Financial Agencies

Financial agencies from indigenous communities play a big role in the money market, especially in the unorganized sector. They include people who lend money and local bankers. Moneylenders are people who mainly help rural farmers and others with money. On the other hand, an indigenous banker is a person or private company that takes people's money and lends it out. These agencies give loans for a short time to people who live in the city and in the countryside. Usually, they provide money for farming, business and other personal activities. Sometimes, they also lend money by using buildings, land, or other valuable things as a promise to pay back the loan. They usually charge a much higher interest rate than banks do. These moneylenders and local bankers are an important part of the financial system. They

give money to places where regular banks can't do banking well. Development banks are financial institutions that provide funding and support for projects, businesses, and infrastructure in developing countries. Development banks started in the middle of the 20th century and now play a big role in financial markets around the world, including in India. Development banks, also called financial institutions, mainly help industrial companies by giving them money for a long time. They usually do this by giving money to commercial banks so they can lend it to the companies. Financial help comes in different ways like giving long-term loans, buying shares and debentures, supporting companies when they issue new stock, guaranteeing loans, and guaranteeing payments for importers[7], [8].

Insurance companies are important in the financial markets because they have a lot of money from selling insurance policies, and they use this money to invest. These companies can be grouped into types like Life insurance companies and General insurance companies. Life insurance companies are the most powerful because they are big and have less risk in their business. These companies get most of their money from the payments made by the people who have their insurance. The way we invest our money is usually not the same as other organizations. Most of the money is usually invested in government and semi-government bonds, as well as some other types of bonds that pay a fixed amount of interest. Other than life insurance companies, general insurance companies also have a lot of money to invest in businesses. Mutual funds are a type of investment where a group of people pool their money together to invest in stocks, bonds, or other assets.

Investment companies are institutions that gather money from people using financial tools like units, shares, or debentures. Then we use the combined money to buy stocks, bonds, and government securities. The main goal of mutual funds is to make the most of a large amount of money collected from many people, while keeping the risk low with the help of experts. Mutual funds offer different options to investors, like funds that invest in debt, stocks, or a mix of both. The choice depends on how much risk the investor is willing to take and what returns they are looking for. Some of the major mutual funds in India are Unit Trust of India, Canada bank mutual fund, ICICI, and TATA.

Companies that handle money and loans

Another important player in the money market is private sector finance companies. These companies get money from people by selling shares, bonds, deposits, and loans from banks and other companies. Often, companies raise a lot of money by taking deposits from other companies. These finance companies help people buy things like appliances, cars, and furniture by giving them loans that they pay back in small amounts over time. In addition, they give quick loans to businesses and professionals. So, these finance companies have to compete in the market where currencies are traded. The forex market is the biggest and most active market in the world. Its open all day and night and used by banks and other financial institutions for loans. The interest on the loan is higher at these units than at banks, but people still choose to go there because it's easier and there's less paperwork. Some big companies in India that deal with money are Bajaj Auto Finance, GE Countrywide Financial Systems, and ICICI Financials. Merchant banks are financial institutions that offer a range of financial services to companies and individuals. They provide services such as underwriting, advisory, and merger and acquisition assistance. Merchant banking started in the early 1800s in Western countries. The things these banks do are really important for the country's financial system to grow and stay healthy. Merchant banking is when a company gives advice and helps other companies with their money and finances. Each bank may focus on one type of work. This banking work gets money from fees or commissions [9], [10].

Pension Funds

A pension fund is collecting money from people who pay into it, and now it's getting more involved in the financial system. These retirement funds invest their money in financial markets like stocks and bonds. These retirement funds invest in bonds and have recently started investing in the stock market too stores where products are sold at lower prices than usual. Discount houses mainly discount trade bills of traders in order to keep enough money flowing in the market. These houses are usually found in the advanced financial market, like the London Money Market.

Acceptance Homes

Acceptance House is also involved in the financial market. They are important in the financial market because they borrow money from banks and then lend it to traders. In simple words, the acceptance houses agree to take the bills of exchange from the seller or buyer of goods. Then, these accepted bills can be sold at a discount to the discount house.

Money services

Financial services are an important part of the financial system. Financial services help banks, stock markets, and investments with their money needs. The financial system works through banks and other financial companies using money and other financial tools. In this process, the financial system needs a lot of financial services. Financial services are an important part of the financial system, which includes financial markets, financial institutions, and financial instruments. All of these four parts need to work together correctly for the financial system to work well.

The financial system works well when there are many different financial services available from different providers. Financial services are the services provided by companies in the finance industry.

Financial services refers to the company that handles money management. Banks, investment companies, insurance companies, credit card companies, and stockbroking firms are part of the financial services industry. They offer different services related to money and investing. Financial services are services provided by companies that help manage assets and debts. Asset management companies do a lot of things like leasing, mutual funds, investment banking, and stockbroking. Liability management companies include discounting companies, banks, and acceptance houses.

Financial services have different parts to them

Intangibility means something that cannot be touched or physically felt. All financial services cannot be seen or touched. So, the companies need to do a good job so that they can keep their customers[11], [12].

Focus on the customer's needs and satisfaction

Financial services focus on helping customers with their money needs. All money services are provided with the customers' needs in mind. Before giving a service, the provider will ask questions to find out what the customer wants, and then they will provide the service. Inseparability means that two things cannot be separated from each other.This means that the service provider and their clients need to work together really well. Financial services need to be provided and delivered at the same time. So, making things and getting them to people are always connected.

Inconsistent performance

Financial services focus on customer needs and involve a lot of interaction with people, so there will be differences in how well they are done. For instance, two companies might offer a new **credit card service to a specific group of customers.**

Shortage of staff who have proper training

The financial service industry doesn't have enough trained and qualified staff. The number of people leaving their jobs in the financial services industry has increased, making the problem worse. Many banks and other financial institutions in cities like Bangalore and Mumbai do not have enough space for their offices. The cost of renting office space in these areas is very expensive, which makes it more expensive to offer financial services.

Outdated Technology

Even though technology is being used more in the financial industry, there are still some things that we don't understand about it. More new ideas are needed to make the financial services industry more technology-friendly.

The financial services industry in India doesn't have enough new and creative services. Many services are old and need new features or completely new services to make them more appealing to customers. Right now, RBI and SEBI are the main rule-makers. However, the financial service industry still does not have enough rules in place to regulate it. We should make more rules to make the financial industry easier for customers to use and understand. It's important to be honest and fair in the finance industry. The recent scam with the IPOs of well-known stockbroking firms shows that some financial companies are doing the wrong thing.

Reforms in the Indian financial system

Up until the early 1990s when LPG (liberalization, privatization, and globalization) started, the financial system in India mainly focused on moving money from where there was too much to where there wasn't enough. While the financial system used to do a good job, it started to have some big problems over time. The banking industry had problems with not enough competition, not enough money, not working very efficiently, and being too expensive. After the government took control of big banks in 1969 and 1980, most of the banking sector was run by the government. Technology didn't play a big part and the service wasn't very good. Banks didn't use the right system to manage risks, and their standards were really bad. All of these things led to having bad stuff and not getting much work done. Development finance institutions were working in a very safe and secure environment compared to other financial organizations that are not banks. In the insurance industry, there was very little competition. The mutual fund industry didn't have much competition and was mostly controlled by one company, called the Unit Trust of India. The financial markets had control over the prices of financial assets and made it hard for new people to join. It cost a lot to make trades and there were limits on moving money or getting involved in different parts of the market. Back in the early 1990s, India made big changes to its financial sector. The changes made to the financial sector in India were based on the idea that the economy's real industries wouldn't work as well as they could unless the financial sector also changed. The main goal of financial sector reforms was to make resources work better and help the real economy grow faster by fixing problems in financial institutions and markets. The main goal of the financial system reforms was to make banks and markets work better. The goals of the financial sector changes in India in the early 1990s were to:

Get rid of the old restrictions on money; Make the financial industry work better and make more money; Let the market decide on interest rates to help resources be used efficiently. Give institutions the power to make their own decisions and operate independently; Get the financial system ready to compete with other countries on a global scale. Open up trade in a careful way; Make sure the economy stays stable even when there's uncertainty at home and abroad.

In the early 1990s, the country started making changes to its financial systems. This was mostly based on the advice of different groups set up to look at different problems. The way things have been happening is called "gradualism. This means that decisions are made carefully after talking to a lot of experts and people who are involved in the market. Since the start of financial changes, India has aimed to meet international standards, but while also considering the factors related to its institutions and operations. Changes were made in different areas and within each area to make them stronger together. Efforts were made to make commercial decision-making and market forces stronger at the same time in a more competitive environment. At the same time, the financial sector still remembered its duties to society. Major changes have happened in important parts of India's financial system after the LPG era. The government's new plan for businesses and factories.

Under the new rules, industries can operate more freely without needing special permission or following strict rules. To support modernization, we have been emphasizing the use of new technology. The public sector has been reduced a lot. We have tried to get more companies from other countries to invest here. Companies can now make investment decisions more easily because the MRTP Act restrictions have been removed. Similarly, the law that regulates foreign exchange has been replaced with a new law for managing foreign exchange. Getting rid of the requirement to have a license.

Before the New Industrial Policy, Indian industries had to follow strict rules for getting permission to operate. Now, most businesses can operate without special permission or rules. The ability to bring in technology from other places. The New Industrial Policy focuses on using advanced technology. As a result, we can work with other countries on technology.

Government sector

We have decided not to grow unprofitable factories owned by the government. Furthermore, the government is selling off its shares in public sector companies. This is a way to make something privately owned. Foreign investment is allowed to enter without any restrictions.

Several measures have been taken to bring in foreign money. In 1991, 51% of foreign investment in 34 important industries could happen without asking the government first. Overseas Indians were permitted to invest all of their money in export businesses, hospitals, hotels, and other types of businesses. The Foreign Investment Promotion Board was made to quickly approve foreign investment ideas.

CONCLUSION

NBFI are important parts of the financial system and they offer different services that work together with regular banking services. The special things about NBFI, like how they can help specific groups of people and offer personalized financial products, make the financial industry stronger and more effective. The end of the article says that NBFI is important for helping with financial stuff, like managing risk and making more kinds of financial services available. NBFI, or non-bank financial institutions, are important for bringing new ideas and different ways of doing things in the financial world. They help to make sure there is fair

competition and they help people who have specific financial needs that regular banks might not be able to help with. The rules for non-bank financial institutions are important and need to take into account the different risks they have. Good rules are important for keeping the money system safe, looking out for the people involved, and making sure everything works properly.

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CHAPTER 4

ANALYZING THE FINANCIAL SERVICE AND MARKETING

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ABSTRACT:

The intersection between financial services and marketing, is two interconnected realms crucial to the success and sustainability of modern financial institutions. Financial services, encompassing banking, insurance, investment, and other offerings, are inherently linked to effective marketing strategies that not only attract and retain customers but also foster trust and loyalty. The abstract delves into the evolving landscape of financial services, highlighting the increasing role of technology and digital platforms in reshaping customer expectations and service delivery. It emphasizes the significance of customer-centric approaches, personalized marketing, and the creation of seamless, user-friendly experiences to meet the diverse needs of today's consumers. Effective marketing in the financial sector goes beyond traditional advertising; it involves building and maintaining relationships, instilling confidence, and communicating the value proposition of financial products. The abstract explores the challenges and opportunities in marketing financial services, considering the regulatory environment, data privacy concerns, and the growing importance of ethical and transparent communication.

KEYWORDS:

Banking Services, Customer-Centric, Digital Transformation, Financial Services, Fin-tech, Marketing Strategies.

INTRODUCTION

Finance is very important for any business, big or small. Without money, a business can't survive. That's why financial management is taught in business and finance courses. Asset management companies and financial institutions are described in detail, including their features and characteristics. The article will explain how financial services are marketed and how businesses build relationships with customers. It covers different aspects of marketing in the financial industry. The text talks about how products are promoted and the different ways that advertisements are used[1], [2].After reading this section, you will know about different financial services and the ways companies advertise their financial products. Product marketing with financial tools is when companies use money-related strategies to promote their products. Studying this can help students understand how it works and how to compare different ways of advertising. Financial Services are services provided by the finance market. This includes organizations like Banks, insurance companies, credit card companies, and brokerage houses that manage money. These are different kinds of companies in the market that offer different money and investment services. Financial services are the biggest way for companies to make money in the world.

Financial services are any products or services related to money that are regulated by a government or public body with legal authority. In the last ten years, services have become more important in the Indian economy. Since the nineties, services have become very popular. Competition in service organizations is getting tougher and stronger. As a result, these companies need to be more professional in how they run their businesses. Marketing is becoming more important for service organizations[3], [4].

The financial system is a complicated system that deals with many different kinds of money-related activities. The financial system includes banks, stock markets, different types of money and financial services. Financial Markets and Financial Institutions make the Financial System work by using Financial Instruments. In this section, we will learn about financial services and tools and why they are important. Moreover, different kinds of money tools will also be introduced. Financial services are important for the financial system. They help banks, stock markets, and investment tools that are made for people and businesses who want to invest. Banks and stock markets help the financial system by using financial tools. They need different financial services to do their job, so financial services are an important part of the financial system. So, how well the financial system works mostly depends on the different financial services provided and how well they work. Financial services are not only about saving, borrowing and investing money, but also include insurance, managing assets and trusts, and helping with buying and selling stocks. It covers all kinds of things related to money and investing.

Financial services companies are trying to grow and make their investors happy, even though there are a lot of risks and rules they have to follow. Every day, customers want more and have higher expectations. This is because they are getting richer, older, and want financial products that are tailored to their needs. Financial companies are trying to be more creative and start new businesses. They are also trying to find the right people to work for them, and it is getting harder to do so. The dangers go up when the things we make get harder, and when the companies and the world of business get more unpredictable.

Characteristics of Financial Services

Financial services are services provided by companies that manage assets and companies that manage liabilities. Asset management companies are companies that manage and take care of investments and money for other people or organizations. Companies that lend cars, funds that are shared by many people, people who help with buying and selling, and people who manage investments. Bill discounting and acceptance houses are part of companies that manage liabilities. New technology and global connections have made a big change in the financial services sector. One important change is the coming together of different parts of the sector. Several companies are now providing the same type of services. Financial services not only help to get the money needed, but also make sure it is used well. They help to choose how to pay for something and continue to help with paying back the loan. Financial services firms provide services to help manage money better. These include things like getting money from bills, getting money from people who owe you, putting money in short-term investments, doing business online, and turning debts into investments. This sector offers services like banking, insurance, credit rating, lease financing, factoring, venture capital, mutual funds, merchant banking, stock lending, depository services, housing finance and more. Different organizations like stock markets, financial institutions, banks, and insurance companies offer these services [5], [6].

DISCUSSION

In India, the financial system is very strong. It does many different things well and is able to adapt to changes. This helps the economy to be competitive and successful. Financial intermediation in the organized sector is done by many financial institutions that are business organizations. These institutions can be specialized in banking or non-banking services. The Reserve Bank of India is the top authority in charge of credit in the financial system.Financial intermediation in India started after the country gained independence, and it grew even faster after the government took control of banks in 1969. By the end of the 1980s, there was a big

increase in the Indian financial sector in terms of how much money was being exchanged and the different types of financial services available. The elongated, slender bird with long legs and a gracefully curving neck is known as the flamingo. The stock market is where people buy and sell small parts of companies to make money. Mutual funds are a type of investment where a lot of people put their money together to invest in stocks, bonds, or other assets[7], [8].

However, the country's financial system had a problem with banks that were not managed well and were not financially stable. Some reasons for this are strict rules about how much money banks need to keep, government control of interest rates and lending, not enough oversight, not enough competition, and politicians interfering. The plan for changing the financial sector includes making it easier for banks to operate, finding new ways to control the flow of money in the economy, setting rules for how banks should operate, making sure banks are being watched closely, and making it easier for new banks to start up.

Importance of money services

The financial services sector is very important for a country's economy. Service businesses are becoming more important for the economies of developing countries. They are getting a bigger part of the country's money. Service businesses are becoming more and more important for India's economy. A good and well-run financial system helps change savings into investments efficiently, making sure that money goes to activities that make the most profit. Having more types of products and better ways to handle risk can also bring advantages[9], [10].

Financial institutions are different from other companies because they have a small amount of physical assets compared to their overall finances. So, banks and other financial institutions have only a small effect on the actual economy. The way financial markets and institutions affect the economy is really significant. The finance industry gathers people's savings and lends money to others in different places and for different periods of time. It helps businesses and families deal with economic uncertainties by helping them make payments and manage risks. A good financial system helps make it cheaper and less risky to make and trade things, which helps improve people's lives. Financial services are really important for the Indian economy. They help it to grow and develop. They help Indians find good jobs and also help other important parts of the economy like tourism and real estate.

Different ways to manage your money

After India became independent, new financial services started and they continued to grow after the banks were nationalized in 1969. These are the things we offer: The book is about a girl who discovers a secret garden and learns to care for it. Banking is the business activity of a bank, which includes accepting deposits, making loans, and providing financial services. There are many instances in life where we can learn important lessons and gain valuable experience. The stock market is where people buy and sell company shares to make money. Mutual funds are a type of investment where people pool their money together to buy stocks, bonds, or other assets. For the last thirty years, India's banking system has had many great accomplishments. Its wide range is the most impressive thing about it. It is not only limited to big cities in India anymore. Banks in India are even in the faraway places of the country. This is a big reason why India is growing. The changes in banking can be broken down into different stages. The meeting was postponed due to the unexpected absence of the key presenter. The meeting was rescheduled because the main speaker didn't show up. The first phase of Indian banks from 1786 to 1969. The Indian government took control of the banks,

and it lasted until 1991 before changes were made to the banking system in India. The Indian banking system changed a lot after 1991 because of new financial and banking reforms.

With the advancement of banks, different types of banking systems like 'Unit Banking', 'Branch Banking', 'Group Banking' also known as 'Holding Company Banking' and 'Chain Banking' has become popular. Most banks in most countries have branches where you can do your banking. In this system, banks with main offices in big cities run many branches all over the country. The stock market is a place where people buy and sell shares of companies. A stock market helps companies get money by selling shares to people who are not part of the company. It helps figure out how much companies are worth and shares that information with others [11], [12].

A formal definition of exchange is very important in laws and rules about trading stocks, according to Domowitz and Lee. In the United States, the stock market in New York is called an exchange by law. However the markets run by the National Association of Securities Dealers and Instinct, a network for trading electronically, are not considered exchanges by law. All three examples still meet the definition of a stock exchange given above. Because countries have different laws, we need to find a way to talk about this that everyone can agree on. Mutual funds are created and operated by financial companies. These funds are like a group that collects money from people who want to invest. Then they use this money to invest in stocks, bonds, and other financial things. A mutual fund is an easy way for people to invest their money. It is managed by professionals and helps to spread out the risk. You can also easily buy and sell your shares.

Mutual funds are a type of investment. They don't promise to make you money, and sometimes they can decrease in value instead. Unlike bonds and Treasury bills, mutual funds can go up and down in price, just like the stocks in the fund. When choosing a fund to invest in, it's important to research the risks. Just because a professional is managing the fund doesn't guarantee it will do well. Mutual funds give out almost all of their earnings and profits. Changes in NAV are not the best way to measure how well a mutual fund is doing. It is better to look at the annual total return to see the fund's performance.

The effect of technology

Technology is changing the financial industry just like it's changing everything else. Advances in technology have led to new ways of doing business, such as crowd-funding, lending between individuals, digital money, banking on mobile phones, investing online, and new ways of making payments.

Technology has made more data and social media available. This affects how customers expect to be treated by banks and other companies. It also affects how companies use customer data to sell their products. In this situation, more people want to do their banking online. This means they can interact with their money and services quickly and without any middlemen. We can see that technology is getting better, which helps people save and invest money. Companies need to show that they are adding value to their products and services. While technology has its advantages, there have been some major technical failures in the financial industry in recent years. This has led to concerns about market fairness, consumer results, and company reputation. Banks and financial institutions have particular problems to deal with. Digital currencies are creating new ways for people to use and interact with money. The value of these currencies can change a lot, which leads to new rules for how they can be used internationally. This will keep getting more complex in the future. Due to this wild and unpredictable nature, the level of risk will also go up.

The end of Growth means that the time of 3% annual increase in GDP is finished. The rich countries have a lot of markets that are already full. Right now, banks are having a hard time because they have to follow a lot of rules and regulations. Some people think the rules are too strict. The banks that can benefit from these rule changes are the ones that will do very well. Banks that use their knowledge and technology wisely will be the most successful. Other than these, there are many new ways that banks need to handle, which can be difficult or bring chances for them. The finance industry has a talent for making new types of investments that aren't regulated. Regulators don't worry until something bad happens and people's money is in danger. Banks will try to find new ways to make money because they are giving out fewer loans. We don't know yet what fun or unusual things they will do to attract customers, but they are working hard on it. It's hard to lend more money without growth, so we will focus on providing "services" instead.

Selling banking and money services: a basic plan

The first barter exchange was a way to realize that trading things with each other could benefit everyone involved. This was the beginning of marketing. The realization that adding value to something was important led to people specializing in specific tasks. This was the first big step towards growing the economy. In the past 100 years, marketing has grown from just a business practice to a big field of study. Marketing is an idea and something that people do. It is a way for organizations to build relationships and come up with plans. Marketing is something that hasn't been used much in the finance industry until recently. Until recently, in many financial companies, marketing mostly meant advertising and public relations. Before the 1970s, companies did not have a marketing department. Even at that time, marketing was more focused on planning and long-term goals. Senior management was mostly made up of people who had worked in finance, and they didn't think strategic marketing was very important. In the past 10 years, marketing has become a more important part of financial companies because things have been changing quickly. However, Morgan and Piercy think that marketing is still a new part of management in the financial service industry. The way companies advertise banking and money services has changed a lot in the last ten years.

Marketing as a Functional Area of Management

Marketing is an important part of almost every business, whether it's for-profit or not-for-profit. It's necessary to help the organization succeed. Marketing is responsible for doing things that make money for a business. It's important because it helps the business make a profit. For a charity or nonprofit group, marketing is important for bringing in customers who can help with their mission, like giving donations or supporting a cause. Both types of organizations need to have a strong marketing effort if they want to stay in business. Now, the management is paying more attention to the marketing environment than ever before. This is because the environment is changing faster and there have been a lot of changes happening. The earth has been around for a very long time, and most of its development has happened in the last 50 years. There was a big change in the environment during that short time, and even now people are going through a unique period in history. Economic factors are really important for businesses and have always been important for marketing too. Until 1900, those things were important for the company's big picture. At the start of the 21st century, rules and laws from the government became more significant. The value of government has become much more important in the last few decades. The recent loosening of restrictions on some industries has caused problems for the companies in those industries.

In the 1930s, labor unions started to have a big impact on how managers made decisions. Recently, customers have started using strategies like workers. Consumer groups want a

diverse and connected society of different groups, where business is not the most important thing. The public and stakeholders expect businesses to meet certain demands. This has led to many other important changes outside that were not there a few decades ago. This has made the bosses spend more time and effort keeping an eye on the surroundings. Marketing is a mix of advertising, promotion, and publicity. It's all the things that go into making and selling a product to customers. These activities convince people to buy your product. Financial services are different ways companies try to sell their services and connect with their customers.

Marketing is about finding and organizing information and sharing it with others. Every step of this process matters. We figure out what the marketing problem is, decide what information we need to study it, and then make conclusions based on that information. In the end, the results, meanings, and suggestions are given in a way that makes it easy for banks to use the information to make decisions and take action. Marketing research helps with making decisions but it's not the main focus.A company can learn about a market by collecting information from surveys or other sources, or by using data that has already been gathered by someone else. When a company does primary market research, they gather information by talking to people directly, like doing interviews and surveys. Primary market research means gathering information directly from potential customers and it can be customized to fit the needs of the company. It gives specific answers to questions, but it takes a lot of time and money to collect this data.

Using information from other sources is cheaper and allows the company to concentrate on its marketing. While secondary data is important for market research, it does have some limitations. The numbers for some countries might be more than two years old. Additionally, the information might be too general to be helpful to a company. Incomplete data gathering methods can mess up statistics. Usually, we don't have numbers or data for services. However, even though it has some limitations, secondary research is still useful and can be seen as an easy first step for a company to take. Marketing research follows specific methods and designs to gather information.Marketing research that focuses on understanding people's opinions and experiences. It is often used to find out more about a topic. They include only a few people and do not represent everyone.

Quantitative marketing research

This method is often used to figure things out. It checks an idea and uses random selection to make guesses about the whole group. This way of doing things includes many people answering questions, like filling out surveys or questionnaires.This method involves a researcher watching and learning about social behavior in its natural environment. These observations can happen in a specific group of people at one time, or they can happen over a long period. This method uses numbers to measure things. The scientist sets up a fake environment to try to control outside factors, then changes at least one thing and does the research. Services are things that people do for others, like haircuts or car repairs. Products are things that people can buy and use, like clothes or computers.

Tangible items

Levitt has said in his research on marketing that there are no industries that only provide services. Some industries offer more services than others. Everyone provides a service. Levitt was saying that every physical product also comes with a service. So, everyone is working for others. It was as early as 1977 when Ms. G Lynn Shostack, the Vice-President of Citibank, suggested that marketing 'entities' are combinations of intangible and tangible elements that are distinct and discrete. If these absolute tangible and intangible elements are

taken to the two ends of a continuum, we can observe that all goods and services don't fall at one place. There is a range that varies from absolute tangible goods like salt to an absolute intangible service like education. Theodore Levitt' proposed the other approach of distinction between various goods.

He says there are two types of goods: search goods and experienced goods. Search goods are things that come in a package and you can look at them, try them, and decide if you want to buy them before you do, like soap or shampoo. Experience goods are things you can only understand or judge after you buy them, like vacations or travel. Some people call search goods "tangible goods" and others call them "intangibles". There are different points between the highest and lowest, and some products may fit into this range. First, it is the physical goods that are like a product that is hard to tell apart between two sellers and they look the same. There are no extra things that come with the items. Second, it is the physical product with additional service. In this situation, the offer includes a physical item with a related service. Here we are trying to show how our product is different from other products by providing better service. For instance, think about two different refrigerator brands. One has a guarantee for five years, and the other has a guarantee for seven years. The manufacturer uses these guarantees to make their products stand out from each other. Third, it is a big service that comes with some small things. In this situation, the company that makes or sells the product is mainly providing a service to customers, and they might also offer some small items or services along with it. For instance, an airline mainly provides rides for people to travel. Airlines also give food and things to do during the flight. In this case, the most important things are still transportation and food. Entertainment and other things are not as important. Finally, it is just a service without any other stuff. Examples could include things like telephone companies, counseling sessions, or fitness centers.

CONCLUSION

In addition, the summary talks about how using data analytics and artificial intelligence can help financial companies improve their marketing plans by knowing more about their customers, customizing their services, and making their outreach efforts better. Financial companies and marketing need to work together to stand out and meet the needs of tech-savvy customers in a competitive market. In summary, this abstract shows how important it is for financial services to be marketed effectively in today's financial world. Understanding the needs of customers, using new technology, and following rules are important for banks to do well in a changing market.

As the blending of banking and advertising changes, those involved need to adjust to take advantage of new chances and solve problems. This will help provide financial services that prioritize customer needs and offer good value.

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CHAPTER 5

IMPORTANCE OF MARKETING STRATEGY AND FINANCIAL SERVICES

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ABSTRACT:

The intricate relationship between marketing strategy and financial services, illuminating the pivotal role strategic marketing plays in the success, growth, and sustainability of financial institutions. In an era of rapid technological advancements, shifting consumer behaviors, and intensifying competition, crafting effective marketing strategies has become imperative for financial service providers. The abstract delves into the multifaceted nature of marketing strategy, emphasizing its role in creating a distinctive brand identity, fostering customer engagement, and driving product adoption. Financial institutions, ranging from traditional banks to fintech startups, must navigate a complex landscape where digital transformation and evolving customer expectations shape the contours of effective marketing. An examination of successful marketing strategies reveals the importance of customer-centric approaches, where personalized experiences, transparency, and trust-building are paramount. The abstract discusses the challenges and opportunities inherent in marketing financial services, including the need for compliance with regulatory frameworks, data protection considerations, and the increasing emphasis on ethical and responsible marketing practices.

KEYWORDS:

Customer-Centric, Digital Marketing, Financial Products, Financial Services, Marketing Strategies, Omni channel Marketing.

INTRODUCTION

When advertising financial services, it's important to focus on the benefits because the services can't be physically felt or experienced. Buying financial services can often be a very emotional decision. Various services carry different risks for the customer. A current bank account is safer than a mortgage account. Services are easily spoiled because they can't be kept for very long. The need for services goes up and down depending on the day, week, and month, especially in places where tourists visit. Usually, services are connected to sales consultants, such as investment advisors or corporate managers. Customers who need advice on investing must visit the. An investment advisor is allowed by the bank to give advice about investing. Services are usually made when they are needed, unlike physical items that have to be made before they can be sold to people[1], [2].

The marketing plan for financial services

Market segmentation is when the market or people are split into smaller groups with similar reasons. It is commonly used to divide people based on where they live, their personality, their age and gender, their use of technology and products, and their interests and behaviors. Marketing mix is the combination of four important elements for financial services, which are known as the four P's. Breaking down the market for financial services into smaller groups based on similar needs, characteristics, or behaviors.

Market segmentation is a way to study how markets grow and change over time. It shows the biggest percentage of people using a product or service at a specific time that changes in the market. Grouping consumers into users and non-users helps to determine which policies will better match interventions to the needs of the market. It's hard to figure out how many people have access to finance because the right information is not easy to find. The marketing mix of financial services refers to how companies promote and sell their products such as banking, loans, and investments.

The marketing mix is an important idea in today's marketing theory. In real life, the marketing mix is seen as the most important part of marketing. Neil Borden said that according to JameCuliton, a marketer is seen as someone who makes decisions, is creative, and combines different things to plan how to compete. "He can use a recipe from someone else, make his own as he goes, change a recipe based on what he has, or try new ingredients. If a marketer was someone who put different things together, what they made was a marketing mix[3], [4].

Borden also said that it made sense to start from understanding that there are different marketing strategies, and then develop a concept that would not only understand these different strategies but also the market forces that make companies use different strategies. Later, Borden's idea of marketing mix was acknowledged in marketing theory. So, let's see how each "P" is important when marketing banking services.

Selling financial services is different because both the product and how it's sold are very important. The product must be what customers need and want. The quality of a product or service is what makes customers choose it over others from the same bank or different banks. Customers also consider the interest they will receive from the bank and the names and designs of the packaging when choosing a bank product, such as schemes like 'Suvidha scheme' or 'kamdhanu' or 'Grihavitta scheme'.

In the competitive banking world, the price of a product is really important because it needs to match what it costs the customer. Even though customers know that there is a maximum interest rate set by IBA and RBI, the different possibilities of interest rate variations are still important for customers when it comes to pricing. Banks charge and offer interest rates on loans and deposits. This is the main thing customers consider when choosing a bank's product. In the same way, fees and other charges help to tell the differences between different bank products. The research by IBA shows that customers prefer a bank that is safe and easy to get to when choosing where to do their banking.Advertising and marketing the bank's products in a way that suits its customers is really important for success in the finance industry. Banks use ads, brochures and PR to talk to people. They want to make a good impression and get more customers. Let's quickly talk about why it's important to have a good balance of three things when marketing banking services.

This is the most important thing in financial services marketing. It includes everyone who works at the bank, like the bosses, the workers, and the helpers. Banks need well-trained and motivated workers to provide good service to customers. This is important for the bank's marketing. The way the staff look and act, how well they relate to customers, and how they show they care about them all make a big difference in how the bank does. When customers have a good experience, it helps the bank do better and better over time. In the banking industry, having a good environment with nice buildings, comfortable furniture, and friendly staff helps a bank to be better than its competition.

The process starts with making proactive policies to provide better customer service and easier procedures for employees to do their work quickly. It needs to have a good balance of

quality, giving tasks to the right people, giving clear instructions, and letting employees make their own decisions to provide effective customer service. The workers have a lot of power and they make sure to produce high-quality products to make the customers happy.

DISCUSSION

The main goal of every business is to make as much money as possible by selling as much as they can. The goal of increasing sales can only happen if the business uses sales promotions. Any activity that is done to help increase sales is called sales promotion. These activities include advertising, sales promotion and personal selling. Selling and advertising are ways to sell products. Personal selling is the direct way to promote sales, while advertising and sales promotions are indirect ways to promote sales[5], [6].

Promoting banking and insurance services

Advertising is when companies tell people about their products or services. In this situation, it means money services. However, this is not the correct and complete understanding of the term. In simple terms, advertising is when a company tells people about what they are selling and tries to persuade them to buy it. Some important writers have described the word "advertising" or "advertisement" in the following way. The American Marketing Association says that advertising is when companies pay to show and promote their ideas, products, or services in a way that convinces people to buy them now or in the future. William J was a very talented and skilled person. Stanton explains that advertising is all the things done to show a group a sponsored message about a product, service, or idea. This message, called an advertisement, is shared through media and paid for by a sponsor. Richard Buskirk says that advertising is when someone pays to show ideas, things, or services from a known sponsor, but not in person. The main goal of advertising is to tell people about a product, convince them to buy it, and remind them about it. When financial companies advertise, they want to tell people about their services and attract new customers. Media of advertisement are things used to share a message with people who might buy something. This can be through writing or speaking. To make it easier to learn, different types of ads can be divided into four parts[7], [8].

Advertising in newspapers and magazines is a very common way to advertise. It is also thought to be the least expensive and top media because a lot of people read it. There are two types of press advertising: Newspapers and magazines. Newspapers and magazines are important for us in our everyday life. Here are the details about press advertising. When there is a strong wind, it can damage buildings and trees. Outdoor Advertising - Outdoor ads are ads that grab people's attention when they are walking or driving outside their homes. These ads are shown on roads or other places. This is the oldest way of promoting something, and it is still widely used today. This is used a lot and by many people. This type of advertising goes together with newspaper ads. It is used to remind customers about the product whenever and wherever they are. This method is great for products that need to appeal to a lot of people. Sure, please provide the text that you would like to be rewritten in simple words. Electronic advertising is when companies use phones or emails to show their products to customers. This type of advertising is good because it can be personalized for different customers.

You need to reword this text and make it easier to understand. Could you simplify this text. India hosts many fairs and exhibitions in different places at different times. Banks and other financial companies go to these events to tell people about their products. These fairs and exhibitions are visited by lots of people, including business owners and companies. This gives banks and other financial companies a good chance to show their products. Movies are

a cheap and popular way to have fun nowadays. Advertisers make slides for the movie theater. The slides are shown before the movie starts and during a break.

Nowadays, more and more people are using radio and TV ads to promote products. Advertising on these platforms has shown to be successful in making people want, buy, and keep buying the products. Sales promotion is a promotion of a product or services that encourages customers to buy them. Public relation involves managing the spread of information between an individual or an organization and the public[9], [10].

In industries like banking, insurance, and mutual funds, it's really important to promote our services. This is because we're not selling physical things, but rather services like interest rates and different products. Providing good promotions can make a big difference in how two financial service providers are seen in marketing. "In simple words, the goal of "PROMOTION" is to provide information about products/services, convince people to buy them, and make sure that customers think positively about the company. Promotion is the fourth important thing in marketing, along with product, place, and price.It's really important to plan well in order to teach effectively from a distance. This is because the person who makes the lessons, the teacher, the writer and the student might be far away and never see each other. This is happening more and more in online learning. Teaching from far away should get students thinking and include all the activities needed to help them learn and achieve their goals. So, the course and self-instructional material have everything that the syllabus says they need. To make sure students learn well, we use different ideas to design lessons. These ideas help students learn new things, think critically, develop physical skills, and change their attitudes when needed. In this way, students' performance and feedback on the course are included in the text.

The way we teach in distance learning depends on what students need to learn - like thinking skills, physical skills and emotions. These things help us learn and develop our thinking and physical abilities. Students may be told to learn, use, and share what they have learned. We can help students learn better by using their own experiences and what they already know as the basis for new learning.

It's important to give students assignments, projects, and feedback during tutorials. Teaching activities that help you learn physical skills need to be shown with pictures and the right way to do them should be explained in class. Teaching activities to make people think and act differently should be interesting and show why it's important and beneficial to make the necessary changes. The details about how to adopt and practice new attitudes can be shared. Teaching and learning from far away means there's no body language or tone of voice to help understand the message, like when you're in the same room. This is especially true when only print media is used. Teaching activities included in the teaching tools help students and teachers interact better. So, using teaching activities to improve distance teaching is required, not optional. Break up and use this Self Instructional Material as the most effective teaching and communication tool. Different activities are used to check how well someone learns different things. Teaching in distance education uses a lot of self-help materials, whether they are printed or not. These materials are made to help students learn specific things that are planned out ahead of time. Because teaching is happening far away, it's important for students to do tasks that help them understand what they are learning. This will help them be involved in their learning. So, some exercises are included in the teaching materials to connect what students and tutors do in the course. This could be like homework, a research project, or a science experiment. There are many different kinds of things students do in distance education, and there are too many to name all of them. In this situation, instructional activities help to encourage students and keep track of how well they are doing.

Understanding how consumers behave is difficult but important in marketing. Marketers need to understand how consumers behave because it helps them understand the importance of the customer and what influences their decision-making [11], [12].

In this section, you will learn about how consumers behave and the services that marketing provides to make customers happy. The way businesses sell things and the issues that people have when they buy things are explained in detail. The block will explain about putting money in the bank, like saving money, checking accounts, and fixed-term accounts, and talk about the good and bad things about them. After reading this section, you will be able to understand the different kinds of bank accounts and what they offer, as well as learn about how companies promote their products. Understanding how consumers behave helps students know how people act when making decisions about buying things. Product development is about coming up with new products or services, designing them, making them, and then selling them. It's all about creating and marketing new things.Understanding how consumers behave is considered one of the toughest things in marketing. It's about understanding how people buy things. Marketers need to understand how consumers think so they can figure out what's important to them and what influences their decisions. This knowledge is really important for them. Using this information, marketers can create marketing plans to attract customers. Many things affect how clients make decisions, and it's very complicated. It's influenced by how people think and what they value in society. Because everyone is different, it's not possible to have easy rules that explain how people decide what to buy. However, experts who have studied how people buy things have given us helpful advice on how to know if someone will buy something. Customer behavior refers to everything people do when they buy, use, and get rid of things they like or need. Whenever you purchase new pants or recycle soda cans, you are showing customer behavior. Consumer buying behavior is all about what people do when they decide what to buy and when they buy it. Consumer buying decisions can be very complicated.Modern marketing tries to figure out what people want to buy and how they want to buy it. They do this by always coming up with new ideas and understanding what consumers like and need. This will help create marketing chances and deal with the difficulties of the Indian market. Marketers need to know how buyers behave because of these reasons. Marketers need to understand how consumers behave when they buy a product. This helps them make better decisions for their companies. Because it's important to control how much people buy to keep the economy stable.

It helps find better ways to use marketing resources. It also helps to solve marketing management problems in a better way. Today, people care more about products that are good for the environment. They care a lot about staying healthy, being clean, and staying fit. They like products made from natural ingredients. Therefore, businesses need to study closely the new types of customers. The consumer protection movement is getting bigger and there is a need to understand how people decide what to buy. It shows how a product can affect a person’s identity. Consumer preferences are always changing. Studying how people buy things gives us information about what colors and designs they like. what customers desire. Understanding how consumers behave helps in making decisions about what to produce and how to produce it. To attract customers and sell products better, it's important to understand how people behave and what they like.

Consumer behavior influences the kind of marketing plan a company uses, so they research to find out which methods will work best. Here are ways to learn about customers and then make a plan to sell to them. Companies look at what people have bought before to figure out what they will buy in the future. Sales forecasts predict how much a company expects to sell in a certain market over a certain time. We can't predict that we will sell more than the market

can handle. These surveys are done to learn about how people act when they buy things. They assist companies in understanding what customers want and how they react to ads. They also help find possible issues. Businesses, even small ones, use the Internet to do a lot of their research and to keep an eye on how consumers behave online. Organizations decide on the prices, features, and special sales offers for their products based on what they find out. They also show the best places and market conditions to sell. The Internet is a cheap and flexible tool for doing marketing research. It can find the right places to target and can change to meet the needs of consumers.

CONCLUSION

In conclusion, shows how important marketing is for banks and other financial companies. Banks and other money companies that change their marketing to keep up with technology and what customers want will do well in a competitive market. As the financial industry changes, institutions need to know how to market themselves well to keep customers happy and stay strong in the market. Additionally, the summary looks at how technology, data analysis, and artificial intelligence can be used in marketing to help banks and other financial companies understand their customers better, create personalized services, and improve customer satisfaction. Marketing and financial services work together using digital channels, social media, and new communication platforms to find and connect with customers in new ways.

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CHAPTER 6

AN ANALYSIS OF BANKING PRODUCTS AND SERVICES

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ABSTRACT:

An in-depth exploration of the diverse array of banking products and services, shedding light on the evolving landscape of financial offerings in the banking sector. As traditional banking intersects with technological advancements and changing consumer preferences, financial institutions are compelled to innovate their product portfolios and enhance services to meet the dynamic needs of customers. The abstract delves into the core banking products, such as savings and checking accounts, loans, and mortgages, examining how these foundational offerings have evolved to incorporate digital solutions, streamline processes, and improve accessibility. It highlights the importance of customer-centricity in the development and delivery of banking products, emphasizing the role of personalized experiences, transparency, and convenience in fostering customer loyalty. The emergence of digital banking and fintech solutions has significantly transformed the banking landscape, introducing a plethora of innovative products and services. The abstract discusses the impact of digitalization on payment systems, mobile banking, and online financial management tools, emphasizing the role of technology in shaping the future of banking services.

KEYWORDS:

Banking Products, Checking Accounts, Digital Banking, Financial Services, Loans, Mobile Banking.

INTRODUCTION

These steps can help businesses get ahead by studying how people behave when they shop and turning that information into a database for marketing and management. This is called market sensing.

Wants and reasons

Studying consumer behavior can help understand what consumers want and need in the market. This means looking at what's popular in the market, how people live, how much money they have, and what new things are starting to have an impact. This might show that there are things people want but don't have. More families have two parents working and want to spend more time relaxing. This makes it necessary to have more household items like robots and daycare centers. Mosquito repellents are made to meet the needs of people who want to protect themselves from mosquitoes.Choosing who to sell to and Looking at different markets can help find groups of customers with very specific desires and needs. Customers need to answer our questions. It causes problems if they don't respond. Understanding these groups, and how they behave and make buying decisions helps the marketer create and sell products or services that are perfect for their desires and needs. For instance, research showed that a lot of people didn't want to spend Rs. 60 or more on shampoo and would rather buy a small packet for one or two washes at a cheaper price. The discovery made companies start selling small packets which were very popular[1], [2].

Deciding on the marketing mix involves figuring out what kind of product to offer, how much to charge for it, where to sell it, and how to promote it. The people we want to sell to

help us figure out what consumers want because they know a lot about the topic.Studying how customers behave can help social, government, and non-profit organizations create marketing plans for their programs like family planning, AIDS awareness, women's safety, safe driving, and environmental issues. UNICEF, Red Cross, and CRY help children in need. Using what we know about how customers behave to sell our products and services, and also trying to get people to support our businesses.

Studying how consumers behave can help us choose the best marketing strategies to use. It will help us figure out the most effective ways to reach people. Companies look at what people have bought before to figure out what they will buy in the future. Sales forecasts guess how much a company will sell in a certain place and time. Research surveys are done to understand how people act as consumers. They assist companies in understanding what customers want and how they react to ads. They also assist in finding possible issues[3], [4].

Companies use the Internet to watch how people behave online. They do this to study and learn from consumers' behavior. Based on what they found in their research, companies need to figure out the best prices, features, and sales deals for their products. The Internet is a cheap and useful tool for studying what customers want because it can pinpoint specific areas and can adjust to changes easily. In simple words, studying the reasons why people do things is called motivation research. This includes why people buy certain things or why they respond to certain ads.

Learning and forming habits

Customer behavior is how people act when they are looking for, buying, using, and getting rid of products and services that they think will make them happy. People's choices on what to buy with their money. To sell and use items, it's important to group customers with similar needs together. Segmentation is done based on what people need, what they want, and what they prefer. It is important to study the age of people because they may act their age, but that doesn't mean they will spend money based on their age. The market should be divided based on people's income, age group, and lifestyle[5], [6].

Consumers judge a product in different ways. The main qualities of a product are built into the standard version and are the key benefits it can provide to a customer. Generic products are different because they have extra features that make them better, like higher quality or improved performance. The highest level of how customers see a product includes extra things that are not physical, like helpful customer service, regular maintenance, training, or easy ways to pay.

Family Influences on Buying Behaviour

It is known that many things can affect what people buy. A person's family is very important because it affects how they think and act. Understanding how families influence what people buy means figuring out who is making the decisions for that purchase. As mentioned, the person who can decide what to buy could be the husband, wife, or child. Decisions are often made together. Also, it is noticed that the person making the decision changes depending on what is being bought or how much is being bought.It is also observed that families affect how things are bought in many different ways. At first, parents play a big part in helping their children form their political and religious beliefs, lifestyle choices, and what they like to buy. Many parents, spouses, and children have a big influence on what people choose to buy. The way husbands and wives communicate and the ages of their children can affect how they shop. Family has a big impact on how people decide to buy things, more than other influences from society.

Characteristics traits

One way to understand how families make choices about what to buy is to figure out who in the family is the one who decides what to purchase. The way a family buys things is affected by the parents, spouses, and children in the family. People go through different stages of buying things during their lives with their families.The behavioral definition of an organization says that it's a group of rules and duties that are carefully managed through discussions and solving problems. This definition focuses on the people in the organization, how they do their work, and how they interact with each other.

As companies and markets have gotten bigger, the people who make decisions are not directly talking to the people who buy the products as much anymore. More and more, people in charge have to use basic information and study how people behave to figure out what their customers want. They are also spending a lot of money to understand their buyers. The things that affect how people buy things are their culture, the people around them, their personalities, and their thoughts and feelings.Financial service means helping people manage their money and investments.

It is commonly believed that services and goods are different because services cannot be touched, are usually provided at the same time they are used, can vary a lot, and can't be stored for later. But in reality, goods and services aren't completely different, and this creates challenges for marketing services. Even though it's not talked about much in the literature, the way services, like banking services, will affect how people buy things. Additionally, many professional or specialist services will also have strong beliefs or values that cannot be measured after you buy and use them. Because services cannot be physically touched or seen before they are bought, people may evaluate them differently than goods. This is an important thing to think about when trying to understand how people decide to buy services[7], [8].

Besides these, another thing that makes a difference is the services that you can't separate from the goods. Services are things that happen or are experienced. This means they need to be made and used at the same time. This shows that some services can't be saved for later, so they need to be delivered quickly when people want them. Services cannot be produced without customers using them at the same time. This means that the way services are made and sold are closely connected and affect each other. The workers who help customers and the customers themselves are both important in making sure services are good. So, it's important to think about how buyers and suppliers interact when trying to understand how buyers behave. Services are made by both the people who work there and the people who use the services. The quality of the service depends on how these people interact with each other.

DISCUSSION

Elements of Product Mix

Product mix, also known as product assortment, refers to all the different types of products that a company can sell to its customers. The width of a company's product mix shows how many different types of products the company sells. If a company sells five different types of products, then its product range will be wider. Small and new businesses may not have as many different types of products to sell. Product length is the total number of products in a company's product mix. In a company, if there are 4 different types of products with 5 different brands for each type, then the company's product mix length will be 20. Some companies that sell different types of products might want to know the average length of each type of product they sell. Here we can see that the typical number of products in a company's product line is five. Product depth shows how many different versions there are of each

product in terms of size, flavor, and other characteristics. If a company sells 5 sizes and 5 flavors of gum paste, then the depth of that brand's gum paste is 10.

Consistency means that the different products in a product mix are closely related in how they are used, made, and sold. The Product Life Cycle is how a product is used and changes over time. Product strategies are plans for how to make and sell a product. The first stage is when the product is introduced, the second stage is when it starts growing, the third stage is when it reaches maturity, and the last stage is when it starts declining. When a new product comes out, it makes the old product lose all its value in the market. Product strategies are split into four stages based on the lifespan of the product. The first part of a product's life is called the introduction stage. This is when the product is first created and put on the market. Because the product is not available in stores, consumers need to be made aware of it through marketing. The marketer needs to educate the customers about the good things and new features of this product. For a new product's launch, the marketer can choose to start with a high price and slowly lower it to attract more customers (marketing skimming strategy) or offer the product at a low price right away to get more people to buy it (marketing penetration strategy). Another thing about this stage is that the company's sales will be low. In the second stage of a product's life, consumers have an idea about the new product because they have already bought it in the beginning.

This will make more things sell, and the company can raise prices to make up for the old promotions and advertising expenses. In this phase, the company will also make more money.In the third stage of a product's life, sales of the new product reach the highest level because it becomes popular in the market. At this point, the company will lower the price of the product to make the most money and beat other companies in the market. The company can give a discount to the dealer if they sell the product quickly before its sales start to go down. In the fourth stage of a product's life, the number of people buying it goes down a lot because there are not many new customers interested in it anymore. At this point, the company can ask people to start using its new and improved product. Managing how banking products are marketed using the Product Life Cycle[9], [10].

In the financial industry, many new products were created and introduced in the late 1900s because of the global market and changing trends in investing. Risk diversity is important for creating different kinds of financial products. The Return on Investment is an important principle for any financial product. It shows how much money you can make compared to the risk involved. Different financial products in the global market can be compared based on their risk-reward ratio. Risk is connected to different aspects of the environment like politics and money. This causes financial products to change as the risks change. In the past fifty years, people's ability to handle risk and what risk means has changed a lot. Each of these changes has allowed us to create new kinds of money products, which we can now do through financial engineering.

In addition, a big reason for creating new financial products is to improve the economy. New products becoming popular quickly also causes other products to become mature. When interest rates went down in the early 2000s, more people started putting their money in fixed deposits. However, sometimes when the economy improves, it can help a product that was not selling well. It is understood that a financial product doesn't always move forward in its lifecycle, but also sometimes moves backward. Sometimes, creating a new product is not considered an official part of the product's life cycle. Instead, ideas for long-term planning come from the early stages of the process. Product development helps a business grow by creating new or improved products to sell in the market. Usually, when developing a product, the main focus is to turn the idea into an actual product. This involves going through each

stage of development to ensure the idea becomes a tangible product that works. During the product development stage, the expenses increase because of the money invested in specific proposed ideas and concepts. Before a product is introduced, it goes through eight steps: coming up with the idea, deciding if the idea is good, developing the concept, making a marketing plan, analyzing the business, creating the product, testing it, and finally selling it.[11], [12]

Coming up with new ideas usually comes from within the organization. Employees will work together to think of new ideas for potential new products. In addition, a company can also look at what their competition is selling to try to make their products better and different from theirs.In this, we examine ideas, keep the ones that make sense, and focus on the ones we can achieve. One idea is turned into a plan for a product. The ideas are tried out to see if people in the expected group of customers will like the product. Testing can be done in different ways, like asking small groups of people or asking people randomly through surveys. After trying out the idea, we need a marketing plan to figure out how to sell the product. At this time, we figure out who will buy the product, how much money we expect to make, where we will sell it, and how much it will cost.

Studying the business, including predicting sales, helps to figure out if the product will make money for the company. Several things are thought about when deciding how much money a product is expected to make. Managers will consider how long it takes for the product to make money, how much it costs to develop, and other money-related things when deciding if they should keep working on it. If the idea is accepted, a model is made from the product idea.After an initial model works well, companies try out the product in a test market. Usually, a company will research a product idea to see if the idea is good for the people they want to sell to. Customer surveys and focus groups are done to test the product with a smaller group of the people it is meant for. The testing is looked at to see how people like the product. Once the company has all the information and decides to start selling the product, it will likely have high Branding in bank marketing means creating a strong identity for the bank. This includes things like logos, colors, and messages that make the bank stand out and be recognized. It also involves building a good reputation for the bank through advertising and customer service.

Branding today started from consumer products and now includes more than just making a logo for a product or company. Today, branding is used to make people feel a connection to products and companies. Branding makes people feel like they are a part of something, and they believe the brand is better and has special qualities. Brand awareness means that people know about your brand and can recognize it when they see it. It also means that people can remember your brand when they are thinking about a certain product or need. Assisted awareness happens when you show or read a list of brands and the person recognizes your brand only after they hear or see it. Top-of-mind awareness happens when you ask someone to name brands in a certain category and your brand is the first one they think of.

The main topic of the research is how branding affects marketing in the banking industry, especially for retail products and services, and how it can increase customer loyalty. The brand knowledge structure has two main parts: making people recognize the brand and making people have a good idea about the brand. These days, retail banks are dealing with a lot of problems. Customers are worried about the safety of their money in the bank and finding it hard to understand the bank's financing options. People who buy prudential insurance are not just getting the security of knowing that if something happens to their home, it can be fixed quickly and cheaply. They are also buying the corporate symbol of the face of Prudence, reminding them of the added values of heritage, size, and public awareness,

which inspires confidence and sustained credibility. Simple words: They are also buying the company's logo with the face of Prudence, which shows the company's history, size, and public awareness. This makes people trust the company and believe it is reliable.

Branding is a strong marketing idea that involves many different marketing strategies. It is all about making customers see the special things about a product or service that make it better than others. This makes it hard for other companies to copy. Branding helps the organization gain and cost-effectively keep loyal customers to make as much profit as possible. Retail banks are using new and modern ways to do transactions. Online banking, electronic banking, using a phone for banking, and transactions without using cash. The old way of banking with tellers is expected to be replaced by new ways of doing transactions soon. It has been discovered that banks are similar to other businesses because they create products and services for customers. Banks have different stages in the life of an account which need to have either checks or demand deposit accounts.

However, the use of checks is going down quickly and is being replaced by electronic bill pay and debit cards. Online banking and paying bills electronically are becoming more popular, leading to more customers using these services instead of writing checks. Debit cards or check cards are widely accepted by almost everyone. They have reached a stage of maturity in their use. In addition to what was mentioned earlier, special operations teams usually use 6 important tactics. These tactics are used to develop and provide banking products and services. To make things clear, the whole team can agree on a project plan. This plan can tell the team what their goal is and give them rules to follow when they're not sure what to do. Keeping things simple is often better. Complicated products may keep your customer service busy, but they may not be the best choice for your bank or your clients. If a bank employee can't explain an account or product in three short sentences, it's too hard to understand. This doesn't mean that every bank should only give free checking and 30-year fixed-rate mortgages.

Encouraging customers to do certain things by offering rewards that are tailored to them and your bank is the best way to make sure checking accounts make money. Banks need to come up with new ways to lend money to millennials so they don't go to other non-bank lenders like Lending Club and Kabbage. By using pricing and product strategies based on customer behavior, you can let your customers bank the way they like and still make money.

Many banks have many different products that treat all customers equally, instead of creating one product tailored to each customer's needs. The top banks are the ones who pay attention to what their customers want and give them what they need. They offer flexible options for each person's financial needs without making things too complicated. Going fast and surprising the enemy in a war zone has many benefits. Developing new products quickly helps your bank to make the most of opportunities in the market. Keeping action plans secret until they are carried out stops enemies from knowing what we will do next.

There are many schools and training options for bankers who want to learn certain skills like underwriting credit, managing compliance, or setting up network servers. However, there are very few options for those who want to learn how to create and deliver a successful product quickly. Trying different things and making mistakes can be hard. It's better to ask someone who knows a lot about the product you're releasing for help. This can prevent big mistakes that are hard to fix later on. Doing the same tasks over and over again and practicing are very important if you want your team to work well together. Building a repeatable and scalable process in product development begins with a clear plan that lets everyone on the team share their ideas and keeps the project moving forward.

Projects stop when team members unintentionally cause problems because they don't have enough resources, don't understand the project's goal, or don't realize how well the new products can do in the market. Having a plan before starting a new product helps avoid big problems that could make the product launch fail, and also helps with smaller problems so the project stays on track. Having an experienced bank leader supporting the creation of process documents is important to make sure that everyone on the team agrees with the new plan. Surprising your customers with extra benefits in a new product or service can get them more interested and make them want to use it. The surprise can be something easy like a phone call from a bank to check if your new debit card came, or something more complicated like getting extra money for having a special checking account. Ideally, when people are surprised by your product, they will tell their friends and family about it. This can lead to more people buying your product and telling even more people about it. The best marketing your bank can do is a feedback loop, which is started by a surprise. It's also the cheapest and most valuable.

Creating new products

Product development is the process of making and selling new things that are helpful to people. It is also known as new product development because it focuses on creating organized ways to guide all the steps needed to bring a new product to market. In today's unstable environment, Indian private investors are starting to understand the importance of spreading their money across different types of investments. This helps investors see the benefits of looking at their portfolios in a bigger and longer-term way. During some times, it is hard to diversify your investments in India because there are fewer options available in different industries at that time. Private bankers have a hard time offering a wide variety of products at a good price to their clients because the companies that make the products struggle to reach a large market. Some of the top companies in India's wealth management market shared their thoughts. Product providers mainly focus on creating straightforward and easy-to-understand products. They aim to educate and establish a strong foundation for moving to the next stage of development in the market within the next six to 12 months.

People think that product makers have a hard time telling investors how much money they can make, and that this can increase the chances of reaching their goals but also the chances of something going wrong with the product. Also, the meaning of "longer term" is being re-examined because there is so much information available to investors now that they tend to focus on short-term goals.

CONCLUSION

The way banks do business is changing a lot because of new technology, the way people use banks, and the rules they have to follow. This change includes not only regular banking services but also new digital options. It is focused on making things easier for customers and giving them more choices. The ending highlights how important it is to focus on customers when creating and providing banking services. As people want more personal and transparent services, banks have to change and come up with new ideas to keep their customers happy. Digital banking and fintech have brought new products and services and changed how customers interact with banks. Using technology in payment systems, mobile banking, and financial tools shows that the industry wants to make things easier and meet the needs of people who are comfortable with digital technology.

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CHAPTER 7

EXPLORING THE SIGNIFICANCE OF FINANCIAL SERVICES

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ABSTRACT:

The profound significance of financial services in the modern global economy, emphasizing their pivotal role in driving economic growth, facilitating investment, and promoting financial inclusion. Financial services encompass a broad spectrum, ranging from traditional banking to innovative fintech solutions, collectively shaping the financial landscape and influencing the well-being of individuals, businesses, and nations. The abstract delves into the essential functions of financial services, including capital mobilization, risk management, and the efficient allocation of resources. Financial institutions play a crucial role in intermediating between savers and borrowers, ensuring the flow of funds and supporting economic activities. Furthermore, the significance of financial services extends beyond economic growth, as they contribute to poverty alleviation, wealth creation, and overall societal development. A critical aspect of financial services lies in their role in fostering financial inclusion. The abstract explores how accessible banking, microfinance, and digital payment systems contribute to bringing unbanked and underserved populations into the formal financial sector. Financial inclusion not only empowers individuals but also enhances overall economic stability and resilience.

KEYWORDS:

Capital Mobilization, Economic Growth, Financial Inclusion, Financial Services, Investment, Poverty Alleviation.

INTRODUCTION

The financial system is a complicated system that handles many different money-related activities. The financial system includes banks, stock markets, and different types of investments, and services to help handle money. Financial markets and institutions help the financial system work by using financial tools. In this section, we will learn about financial services and instruments and why they are important. Furthermore, different kinds of money tools will also be brought in. Financial services have been around for a long time. However, the financial services industry has become well-known in the last 25-30 years. There isn't one simple definition for Financial Services, but in the UK, it generally includes banking, insurance, stock broking, and investment services, along with other business and professional services. In simple terms, financial services are services that help make sure money moves around the economy easily[1], [2]. Financial services are a big part of how money works. They help banks, stock markets, and investment tools that are made for people and organizations who want to invest their money. Banks and stock markets help the financial system work by using different financial tools. To do their jobs, they need different kinds of financial services. That's why financial services are seen as the fourth part of the financial system. So, how well the financial system works depends a lot on the different financial services that are offered and how well they work.

Financial services are services provided by companies that manage assets and companies that manage liabilities. Companies that manage and take care of assets. Renting companies, investment funds, financial advisors and managers who handle investments. Bill discounting

and acceptance houses are part of companies that manage the money they owe to others. New technology and global trade have caused a big change in the banking industry. This change is called convergence. Different companies are offering the same services now. Financial services help to gather the money needed and make sure it is used effectively. They help to decide how to pay for something and provide help until the loan is paid back. Financial services firms offer various services to help manage funds effectively. These include bill discounting, factoring of debtors, investing short-term funds in the money market, e-commerce and securitization of debts. This industry offers services like banking, insurance, credit ratings, and other financial services. Different places like stock markets, financial institutions, and insurance companies offer these services [3], [4].

DISCUSSION

The financial services sector is very important for an economy. Service businesses are becoming more important for the economies of poor countries. They are getting more of the country's money. Industries that provide services are becoming more and more important for the economy in India. A good and organized financial system helps to turn money saved into money invested quickly. This makes sure that the money is used for activities that will make the most profit. More types of products and better ways to handle risks also bring advantages. Financial institutions are different from other companies because they have a smaller amount of physical assets on their financial records. Therefore, financial institutions have a small impact on the regular economy. Financial markets and institutions have a big effect on how well the economy does. The financial industry gathers people's savings and gives out loans to people in different places and at different times. It helps businesses and people deal with economic problems by managing and sharing risks, as well as offering payment services. A good financial system helps make things cheaper and safer to produce and trade, which helps improve people's lives[5], [6].

Financial services are very important for the Indian economy. They help it grow and develop in many ways. They help Indians find good jobs and also provide important services to other areas of the economy, like tourism and real estate, and to people. Financial instruments are paper or digital documents that have value in money. Every type of money tool is different in its own way and has its own special design. There are many different ways for people to invest their money these days. This helps money move quickly between investors around the world. Financial instruments can be put into different groups based on different factors. In this class, we talk about different types of financial instruments: money market ones and capital market ones. Money market instruments are various ways for people and companies to invest their money for a short period of time.

The money market is where people borrow and lend money for short periods of time. When the stock market goes down, investors see that it can be a risky place for their money. It's easy to forget this when the stock market is doing well, but it's just part of the risk you take when investing. In order to make more money, you have to be willing to take more chances. Many investors don't like a market that goes up and down a lot - the money market is a safer option for them instead of risky investments[7], [8].

Money market instruments are not traded on a stock exchange. Instead, they are bought and sold through phone calls and informal trades. The money market is a very informal place to trade and doesn't use electronic trading or screens. Simple words: The most popular types of money market investments are

Call or notice money is a small amount of money that is borrowed or lent for a short time. If the period is longer than one day but less than 14 days, it's called "notice money". Otherwise,

it's called "call money". We don't count holidays or Sundays when doing this. You don't need to provide any assets as security for these transactions. The call market helps banks and financial institutions manage their money better by matching up what they have too much of with what they need. Commercial banks, co-operative banks and primary dealers borrow and lend in this market to manage their cash reserves. Certain financial institutions in India, mutual funds, and other entities can only lend money in the form of call or notice money[9], [10].

Interest rates in the call and notice money market are decided by the market. Because these transactions don't last very long, both the people borrowing money and the people lending money need to have accounts with the Reserve Bank of India. Treasury Bills are like IOUs from the government. When you buy a Treasury bill, you are lending money to the government for a set period of time, and in return, the government promises to pay you back with interest.

Treasury Bills, also known as T-bills, are a type of investment with very low risk. They are a kind of security sold in the money market. These bills are short-term investments that get paid back in one year or less from when they are first issued. The government mostly borrows money by selling treasury bills with different due dates. Also, the Reserve Bank of India gives out T-Bills that can be held for 14 days, 91 days, 182 days, or 364 days. The money or increase you get from treasury bills depends on the investment rates. The usual people who invest in this market are banks, insurance companies, and financial institutions.

Treasury bills are sold for less than their face value and then cashed in for the full amount later. They can be sold to other people after being bought originally. Usually, when an investor doesn't ask for something different, securities are not given to them. Instead, they are just recorded in a ledger by RBI. There are no extra costs when you buy Treasury bills and a lot of people trade them right after they are issued and right before they are cashed in. Certificate of Deposits are a type of savings account where you deposit a fixed amount of money for a fixed period of time. After treasury bills, the next safest investment option is the Certificate Of Deposit offered by banks and financial institutions. A CD is a short-term and safe type of bank investment. A CD is sold for less than its face value, with the discount rate determined by the issuer and the investor. Even though RBI allows CDs to last up to one year, most CDs in the market last for 90 days. The market where you can sell this thing is not very big, but the thing itself is very safe [11], [12].

Banks and financial institutions offer CDs to get money from big companies, rich people, and trusts. They want to increase the amount of money they have. Foreign and private banks like using CDs to get money because they don't have many branches and don't take a lot of deposits. The amount of money you get for putting your money in the bank depends on different things. Low call rates means there is more money available in the market. Additionally, the interest rate for one-year bank deposits sets a minimum level for market rates. Commercial paper is a type of short-term loan that businesses use to borrow money for a short period of time, usually less than a year.

Many companies find it tiring and frustrating to borrow money from banks for a short time. They don't want to use banks very much, so more and more people are using commercial paper instead. Commercial paper is a short-term loan that a company gives out to help with their finances. It's not backed by any collateral. It is often sold for less than its actual value, to match the current interest rates in the market. Mostly, commercial paper is a very safe thing to invest in because you can easily tell how a company is doing financially over a few months. In addition, usually only very financially stable companies issue commercial paper.

Companies can sell commercial papers to investors or through banks/merchant banks. These are documents that show a company owes a certain amount of money to someone on a certain date. These are sold for less than their full value and can be cashed in for the full amount when the time is up. These instruments are usually given out in amounts of five crores for different time periods like 30, 45, 60, 90, 120, 180, 270, or 364 days. Two important rules control the release of commercial papers. Initially, companies need a good rating from a credit agency to sell commercial papers. They must have at least a P1/A1 rating for short-term borrowing. Also, money raised by selling commercial papers is not new money borrowed by the company. It just replaces some of the money it can borrow from banks. Commercial paper is easy to use and that's a good thing about it. It helps the company by giving them another way to raise a lot of money.

From the investor's perspective, investing in commercial papers gives higher profits compared to putting money in a bank for the same amount of time. Even though commercial paper is just a promise to pay back money, banks have a backup plan to make sure the companies issuing it can pay it back. This makes people who hold commercial paper feel sure they will get their money on time. Commercial Bills are documents that represent a promise from a buyer to pay a seller a specific amount of money within a certain period.

As stated, bills of exchange are papers that can be bought and sold. Sellers of goods use them to ask for payment from the buyer for the goods they have delivered. These types of bills are also called trade bills. These are business bills that are approved by banks. If the seller needs money before the bill is due, he can ask his bank to give him money for the bill before it's due. If the bank needs money while the bill is still valid, it can sell the bill at a discount to another market at a rate determined by the market. The RBI started the Bills Market scheme in 1952 and changed it to the New Bills Market scheme in 1970. Under this plan, banks can get their money back for bills they already gave out, from institutions that have agreed to do this. A repurchase Agreement is when one party sells an asset to another party with a promise to buy it back at a later date.

People who work with government securities borrow money overnight using repos. A person who has government securities sells them to someone else and promises to buy them back at a later date for an agreed price.

You can rent a repo for a short time, from one night to a month or longer. Lenders like repos because they are short-term and have government support. Party A needs some money for a short time, and Party B wants to invest some money for a short time. Party A sells some stocks to Party B at a specific price and agrees to buy them back at a slightly higher price after a certain amount of time.

The amount of money between the selling price and the buying price is the interest cost for one party and the interest income for the other party. Investing in repos is a good choice for short-term investments because they are easy to use. They are protected and make a set amount of money.

Investment options in the stock market

A capital market is where companies and the government can get money by selling stocks and bonds to investors for a long time. A long-term market is where people can borrow money for more than a year. In the capital market, there are different types of financial tools, such as stocks, bonds, and more. New types of financial instruments are being created, like bonds with warrants, shares that come with benefits, bonds that don't pay interest, and secure notes with extra fees.

Common stocks

Equity shares, also called "stocks" or "shares," mean you own part of the company. When a company needs money, they sell parts of the company to people who want to invest in it. Buying these shares means you own part of the company. The shareholders own the company and can get money from the company's profits as dividends. Equity Shareholders are also known as the final owners of the company. After the company finishes paying all its debts and bills, the Equity Share Holders receive their portion of the company's profits.

Preference shares

Sections were found fewer than it would seem. In the Companies Act, preference shares are given priority for receiving dividends and getting their money back if the company closes down. In these situations, they have a set rate of dividend and they will get paid before the owners of ordinary shares. The directors have decided not to give any money to the shareholders, even if the company has made a lot of profit. Preference shares can be divided based on the rights that come with them. Cumulative and Non-cumulative Preference shares are two types of shares that companies issue to investors.

Cumulative preference shares are shares that give the owners the right to receive any missed dividend payments when the company didn't make a profit, in addition to the regular dividend when the company does make a profit. The dividend for these shares will keep adding up until it is paid in full before any dividends are given to shareholders. Shares that can be exchanged for money or assets are called redeemable preference shares. Shares that cannot be exchanged for money or assets are called irredeemable preference shares. Redeemable preference shares are shares that can be exchanged for cash after a certain period, according to the terms of the shares or after the company notifies the shareholders. Irredeemable preference shares are shares that cannot be cashed in while the company is still running. When owners of preference shares are allowed to change their shares into regular shares within a certain time, they are called convertible preference shares. Preference shares that cannot be converted into other types of shares do not have the right to be changed into something else. Shares that participate in the company's profits and receive dividends are called participating preference shares, while those that do not receive dividends are called non-participating preference shares.

Preferred shares that participate in the company's extra profits after paying dividends to ordinary and other preferred shareholders at a set rate. Non-participating preference shares do not have the right to share in extra profits. These are papers that are used to borrow money or accept a payment. The company gives out debentures, which are like certificates showing that they owe money. These are official documents stamped with the company's seal and backed by the company's assets. This document shows when the loans will be fully paid, and the people who own them cannot vote against the company. Debentures come in different types.

Bearer debentures are a type of debt instrument that are not registered in the holder's name, meaning they are payable to whoever holds them at the time of payment. These debentures can be paid to anyone who holds them. These are papers that can be given to someone else by handing them over. These debentures are paid to the person whose name is on the debenture and in the company. Debentures that are registered can be transferred to someone else, but they have to be registered again in the new owner's name. These are documents that cannot be changed. Registered debentures promise to pay back the original amount of money and the interest.

Secured Debentures are a type of loan that uses the company's assets as collateral. They can be either fixed or flexible in nature. People often use the words "bonds" and "debentures" to mean the same thing. These are loans that are given without any guarantee on assets. The people who have these loans are not guaranteed to get their money back if the company can't pay them. They have to ask the company to pay them back. Usually, debentures are given out with the agreement that they will be paid back after a set time. They can be issued again after being redeemed. These debentures are called Redeemable debentures.

Continual loans

Perpetual debentures are a type of irredeemable debentures. Currently, they cannot be given in India. Convertible debentures are a type of investment where you lend money to a company and in return, they promise to pay you back with interest. These debentures also give you the option to convert them into company stock at a later date. Convertible debentures are bonds that can be changed into stock at a set rate after a certain time.

Participating bonds

These are bonds that are not backed by company assets, and they share in the company's earnings. Existing companies that already pay dividends might be able to find people willing to invest in them. A bond that you can convert into stock without receiving interest payments. A zero-coupon convertible note can be changed into company shares. If you make a choice, you won't get any money for the interest you've earned. Safe high-quality IOUs with removable rights to buy stocks at a certain price. SPN comes with a detachable warrant and can be cashed in after about four to seven years. The warrants allow the holder to buy shares of the company as long as the SPN is fully paid.

Bonds with changing interest rates

The interest rate on the floating rate bond is connected to a benchmark interest rate such as the prime rate in the USA or LIBOR in the Eurocurrency market. The State Bank of India's bond had an interest rate that could change, and it was connected to the highest interest rate on term deposits, which was 10 percent.

Financial markets

The financial market is a system that helps people buy and sell financial investments. They can be from your country or from other countries. Financial markets help people and businesses get money or invest their money. People in the financial markets are either borrowing money, lending money, helping with financial transactions, or acting as middlemen. The financial market is made up of people who buy and sell different types of investments and how they decide on the prices for these investments. Financial markets help move extra money from people who have more than they need to people who need more money.

This happens through a system that connects those with extra money to those who need it, either directly or through financial middlemen. However, financial markets give people with extra money and those who need money more choices. Extra units can purchase stocks or bonds, or reduce their debt by buying back their securities. Deficit units can sell securities or get rid of some financial assets they bought before.Financial markets are divided into categories based on what is being traded and the specific characteristics of the market or tools used. About six months ago, our company implemented a new system to increase efficiency and productivity. Since then, we have seen a significant improvement in our operations and are happy with the results.

Initial Market

The primary market is where new securities are sold to borrow money for spending or investing. Here's an example of a primary market transaction. When companies go public, they sell shares to investors for the first time. Firstly, primary markets are also known as new issue markets. The current economic situation is not conducive to rapid growth, and we will need to make some adjustments to our plans in order to adapt to the changing conditions. The secondary market is where investors can buy and sell stocks and other securities after they have been first issued. The secondary market is where people can buy and sell financial investments that were already sold before. A secondary market transaction happens when one person buys shares from another investor, not from the company that first sold the shares. The stock market is also known as the secondary market.

A strong market where people can buy and sell investments is very important for many reasons. First, it helps companies sell stocks and bonds more easily by giving investors the promise that they can sell the securities if they want to. Also, the secondary market helps to decide the interest rates for new investments. Thirdly, it quickly records the changing market conditions, showing that the market is open to new products for sale. Next, having a changing market allows investors to easily change their investments in terms of how much money they have, how risky it is, how much they get in return, how easy it is to turn it into cash, and when it matures. Finally, it allows the central bank to buy and sell investments in order to control the amount of money available in the financial markets. The secondary market is where people can buy and sell stocks and other financial investments. The stock market is where people buy and sell shares of companies. In simpler terms, a stock market is where people can buy and sell shares of companies and other financial assets. In the past, markets were places where people shouted out their offers and trades happened on the floor of a trading space. Today, most of the markets are online, where people buy and sell things in real time using the internet. This is also called online trading. Businesses need to follow the rules of the stock market to have their products listed and traded there.

Spot market is a place where people trade and buy financial stuff right away. If you trade the instrument today, but the settlement is in about two weeks, it is called a forward transaction. Spot market can be either an organized market or over-the-counter. This is a place where people trade different types of financial products that get their value from something else, like stocks or bonds. There is a need to rewrite the text in simpler words, but the original text is not provided. Can you please provide the original text so that I can rewrite it in simpler words? Thank you based on how long investment instruments last. Financial markets are divided based on how long it takes for the borrower to pay back the money they borrowed. In some situations, money is paid back quickly, and in other situations, it takes a long time to be paid back. Financial markets are divided into two types: money market and capital market. The money market is where short-term securities are traded and the securities are usually paid back within a year. The capital market is where people can buy and sell things like stocks and bonds that they plan to keep for a long time, usually longer than a year.

Based onthe Nature of the Instrument

In financial markets, we see different types of money tools. In general, they include things like owning something, owing money, and financial contracts based on other financial assets. Each type of financial instrument has its market for trading. These include the equity market, debt market, and derivative market. The equity market is where people buy and sell ownership in companies. When you buy shares of a company, you become a part owner of the company. Shareholders are people who own the company. The debt market is where

people buy and sell debt like bonds and loans. Debt instruments are agreements that either make or recognize a debt. Debt instruments are like a promise from the borrower to pay back the lender with interest at a set time and date. The derivative market is where people buy and sell different kinds of things that are based on other financial stuff. Derivatives are a type of financial agreement where their worth depends on the value of something else. The things that support the investment can be things like money, goods or numbers that show how the stock market is doing. Financial markets are divided based on how long it takes to finalize the contract. In some agreements, the item is given right away, while in others it is given on a later date. The "products" here mean things like stocks and bonds that you can invest in. Based on this, we have the spot market, forward market, and futures market. In the spot market, trades are settled immediately. The deal and the products being delivered happen at the same time or shortly after in a time frame set by the market. Since the item is delivered quickly, there is not much uncertainty or risk. In a forward contract, two people agree to trade something in the future for an agreed-upon price and amount. In forward markets, we agree to buy and receive products in the future. Because there is a delay between when the deal is made and when it is finished, there is a bigger chance that one person might not be able to deliver what they promised to at the end. The futures market is like the forward market, but with two big differences: the terms of the contract are the same for everyone, and the whole deal goes through a special place called the futures exchange.

CONCLUSION

Financial services are very important for economies. They help the economy grow, make it easier for people to invest, and include more people in the financial system. Financial services do many things like gathering money, managing risks, and distributing resources. These things are really important for making the economy run smoothly and helping it grow. Financial services help reduce poverty, create wealth, and make society better, in addition to economic growth. Making banking, loans, and digital payments available to more people helps them be more independent and included in the economy. It gives individuals and communities more control over their money worldwide. In addition, the conclusion recognizes that technology has played a big part in changing the financial services industry. New technologies like mobile banking, blockchain, and artificial intelligence make banking better and cheaper. They also help more people access financial services, especially those who didn't have access before. This creates a fairer financial system for everyone.

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CHAPTER 8

EXPLORING THE FINANCIAL SERVICES TYPES: AN ANALYSIS

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ABSTRACT:

An insightful exploration of the diverse array of financial services that constitute the backbone of the global financial ecosystem. Ranging from traditional banking offerings to cutting-edge fintech solutions, these services play a crucial role in facilitating economic activities, managing risk, and promoting financial well-being across individuals, businesses, and nations. The abstract delves into the different types of financial services, starting with the foundational services offered by traditional banks, including savings and checking accounts, loans, and mortgages. It then progresses to explore the dynamic landscape of investment services, insurance products, and wealth management, highlighting the crucial role these services play in fostering capital growth and protection. As technology continues to reshape the financial sector, the abstract addresses the emergence of innovative financial services. This includes the rise of digital banking, mobile payment solutions, and blockchain-driven services that enhance accessibility, efficiency, and security in financial transactions. Fintech services such as peer-to-peer lending and robo-advisors are also discussed as examples of how technology is disrupting and transforming traditional financial service models.

KEYWORDS:

Banking Services, Digital Financial Services, Insurance Services, Investment Services, Microfinance, Mobile Banking.

INTRODUCTION

An investor can buy a financial product from the company that made it or from another investor. Financial markets are separated into two kinds: primary markets and secondary markets, based on this dissimilarity. Both of these markets are talked about a lot at the start of this section. Stock exchanges are places where people can buy and sell stocks in different companies. A stock exchange is a place where people can trade company stocks and other financial things. It is run by brokers and investment bankers. Stock exchanges help companies to sell and buy stocks and other financial products, as well as handle important financial events like paying income and dividends. Stock exchange sells things like company shares, unit trusts, investment products, and bonds. To buy or sell a stock on a particular stock market, it needs to be available for trading there. Generally, there is no requirement to sell stock on the stock exchange or to trade stock on the exchange afterward. This kind of trading is called off-exchange or over-the-counter. This is how derivatives and bonds are usually bought and sold. Stock exchanges are now part of a worldwide market for buying and selling investments.

The Securities Contracts Act is the main law for how the stock exchanges in India work. No trade can happen without permission from the government. Stock exchanges are the only ones allowed to operate in some places according to Section 19 of the Act to make sure they are controlled and regulated properly. A stock exchange can be allowed to operate if it meets specific requirements and gives the required information to the government. Recognition can

be taken away if needed. In places where there are no stock exchanges, the government can permit some brokers to act like a stock exchange[1], [2].

The stock exchange business has four stages.

When someone wants to buy or sell shares of a company, they can ask a stock broker to do it for them. The broker is the only one allowed to do this on the stock exchange. They can buy or sell the shares at a set price or the current market price. Completing the order: The broker or their assistant will carry out the order and it will be listed in the Stock Exchange Daily Official List showing the number and price of shares traded. Informing the client about the deal. When the deal is done, the brokers send a document to the clients with information about the security bought or sold, the price, and the broker's commission[3], [4].

Paying for things there are two ways to pay for things. For quick transactions, payment needs to be done right away when the securities are transferred or within one to seven days. Forward delivery contracts are settled on a specific day, usually every two weeks, but in the Chennai stock exchange it is every week. In forward delivery, the delivery or payment is delayed and one person pays the other person. This system allows people to guess about future prices in the market.

Debts tools/objects

A debt instrument is a paper that says a person or organization promises to give back money they borrowed according to certain rules. This allows them to get money from a lender. Basically, it is a written agreement to pay back money that is owed. Companies borrow money by issuing debt to raise money. Companies that want to get money have two options: either they can sell part of the business as shares, or they can borrow money. Companies that are given permission to make debt agreements can then make bonds or notes and give them to investors. The investors then lend money to the company, which will be paid back after a certain time, along with extra money called interest.

Many types of loans, like bonds and notes, can be bought and sold by different people. This means one person can buy a bond from a company and then sell it to someone else. The price of the debt instrument depends on how likely the company is to pay back its debt and how much interest it has. Here are different kinds of debt you can find in the market. The stock market is where people buy and sell company shares. The spot market, also called the cash market, is where financial things are traded and paid for right away. The derivatives market is where people trade derivatives. Derivatives are a kind of investment that come from things like commodities, bonds, stocks, or currency. They include future contracts, forward contracts, options, swaps, and credit derivatives [5], [6].

DISCUSSION

Financial service is a big word that means different things to different people. Basically, financial service refers to the services provided by the finance industry. Financial services are companies that handle money, like banks, credit card companies, and stock brokerages. Financial services are different types of financial help, like banking, insurance, investing, and managing money, that are important for a healthy economy.

Financial services are different kinds of money-related services

Financial Services are separated into two main types: services that involve providing money, and services that do not involve providing money. Fund-based services are when a financial company gives money to its customers for different activities. These services are about

lending money, giving loans, and helping people with their money. Non-fund based services are services that give advice and help but do not give money. These services offer different ways to help businesses with their money like managing their investments, getting loans, and finding investors from other countries[7], [8].

Mutual Funds are a type of investment where many people put their money together to buy stocks, bonds, and other securities. A mutual fund is like a pool of money from a bunch of people who all want the same thing. They are middlemen who gather the savings of people and use them to invest in different types of assets like bonds and stocks. Mutual funds let people who don't have a lot of money invest in stocks and bonds. Small investors often don't have enough time or knowledge to access the stock market directly. So, they rely on a middleman to make investment decisions for them and get the benefits of professional expertise. Mutual funds are controlled by SEBI, which is a set of rules made in 1993. They keep investors safe and watch over things. There are two main types of mutual funds.

Mutual funds that don't have a set number of shares

Closed-end mutual funds are a type of investment fund that has a fixed number of shares and does not issue or redeem shares like open-end mutual funds. Closed-end mutual funds are funds where the company can't sell more shares after the first sale. Its number of shares can't grow much. The company is releasing shares for people to buy and trade on the stock exchange, just like any other company. Closed-end fund shares cannot be redeemed for their Net Asset Value (NAV) like open-end fund shares. Open-end mutual funds are mutual funds that do not have a set amount of money they can invest. The company sells its shares to people who want to invest in them at their value, and is ready to buy them back from those investors at the same value. Some examples are UTIs, Unit 64, Kothari Pioneer, Prima, and LIC investment plans[9], [10].

Capital investment for hiring

Purchasing expensive equipment or other assets is a big decision for many companies. We need to plan carefully to save money for these types of things. Businesses should consider using other options instead of paying for an asset all at once with cash. It's better to spread out the cost of the asset so that it aligns with when the business will make money from it. The most common ways to get money for buying big things are through Hire Purchase or Leasing. Leasing and Hire Purchase are ways for a business to use an asset for a specific time by making regular payments. The business gets to choose the equipment they want, and then the finance company buys it for them.

According to the International Finance Corporation, hire purchase is a mix of ways to pay for something that gives another choice to getting a loan from a bank to buy something. In simple terms, hire purchase means buying something with the agreement to pay for it in regular payments over time. This service is often used to help people buy things like appliances and electronics by providing the money they need. These days, more people are using car loans. Leasing and hire purchase are an additional way to get money for a medium to long time. These services are mostly offered by companies that are not banks, as well as other financial organizations. Investors give money to new and small companies in exchange for a share in the business[11], [12].

Venture Capital is when people invest money in new companies to make a lot of money. Venture capital financing is a new way for businesses to get money. There is a big opportunity for them when technologically skilled entrepreneurs who know a lot about technology, but don't have much money, start their own businesses. Banks usually want the

business owners to put in more money before they will give a loan. So, the entrepreneurs who are experts in their field may need help from companies that invest in new businesses. Venture capital companies are important because they provide money and help to new ideas and technologies so they can be successful in the business world. Venture capital financing is very risky.

Leasing

'Lease' means the same as 'letting, renting, and hiring'. Before leasing became common in the US, the word 'lease' was used to mean letting, renting, and hiring of homes or offices. It still means the same thing today. So, when you lease equipment, it's different from renting or hiring it. This type of lease is called a finance lease.

A lease or tenancy is when someone can use or live in a property that belongs to someone else. The person who owns the property, called the lessor or landlord, lets someone else, called the lessee, live there for a certain amount of time. The lessee can have the property all to themselves and they pay the lessor a set amount of money. The International Finance Corporation published a study in 1996 about Leasing in Emerging Markets. They defined financial leasing as an arrangement where one party can use an asset owned by a leasing company in exchange for regular payments. These payments usually cover the full cost of buying the item paid by the owner plus extra money as profit. The person renting the asset has to take care of it and deal with any issues that come up. At the end of the lease, the person renting the thing can buy it for a low price. Leasing is a way to borrow money to use something for a certain amount of time. One party gives something, like a car or equipment, to another party to use for a while. The second party pays the first party for the time they use it. Leasing means someone else owns the thing, but you get to use it. Leasing is a way to get things like machines, tools, cars, and buildings for a few years without buying them. Leasing gives you money to use assets like equipment and vehicles instead of paying for them all at once. Banks, insurance companies, and other financial institutions buy equipment and rent it to businesses for a certain amount of time. During the lease, the person renting pays the owner regular payments at a set interest rate. When the lease is over, the equipment can either be owned by the business, given back to the owner, thrown away, or sold to someone else. In financial leasing, the person renting the item usually buys or keeps it.

Financial Leasing means having the option to rent or lease items like equipment or vehicles for a period of time. It's hard to capture the theme of an entire book in just a few words. Leveraged leasing is a way of getting financing to lease equipment.It's a lease agreement that lasts a long time and can't be cancelled. At the end of the lease, the owner agrees to sell the asset for a very low price. Operating leasing is like renting a long-term asset. It allows the person or company renting the asset to use it for a set period of time. In this, the owner is in charge of taking care of and looking after the asset. Sale and leaseback is a type of finance arrangement where the owner of an asset sells it to someone else and then leases it back from them by paying rent. Leveraged leasing is when a third party is involved in addition to the person renting out the property and the person renting the property. In this, the person renting the asset borrows money from someone else to help pay for it. This money is used as a guarantee for the loan. In this situation, the person who lent the money is paid back from the rent that the person who borrowed the money pays. Any extra money left over after paying back the lender goes to the person who originally owned the thing that was borrowed. Direct leasing is when a company gets the right to use an asset directly from the manufacturer. In this situation, the manufacturer rents out an asset but still owns it. Leasing pays for all the equipment needed for a business and provides full financing. Here, the person renting the item does not have to give any extra money because they didn't make a down payment. It's

better to lease property instead of buying it if a business doesn't have a lot of money. Leasing helps a business grow faster. The lease agreement can be made to fit the length of time you want to lease something, and the cost of the lease depends on what works best for you. When the lease is finished, you can choose to buy the equipment, lease it again, or give it back to the owner. Leasing helps the person or company renting something to manage their money better. The money for the rentals can come from the income the business makes by using the assets.

Better cash flow

Leasing helps you save money by only requiring a small amount of cash at the beginning, typically only the first and last payment. This gives you more money to use for making more profits or investing. Leasing lets the person or company renting something also make some money by selling it first, then leasing it back.

Money on taxes

Depreciation of capital assets is not the same as regular business expenses when it comes to taxes and finance. If tax laws change, owning something and getting tax benefits from it is not as good as leasing it. The ability to make money comes from using the equipment, not from owning it. When the property market grows steadily, a business that rents property may miss out on making more money from selling the property.

When businesses use leasing to invest in things, they create new companies. Sometimes, the only choice for a small business is to rent a place, like a big office in a specific location. Leasing allows you to add, upgrade, or replace equipment that you don't use. Leasing lets you change equipment easily, so you don't have to use old stuff. Leasing can make the ratios of debt-to-equity and earnings-to-fixed-assets better. The balance sheet will look better if leased assets and rental obligations are not included, but the money earned from the assets should still be shown on the income statement. The better indicators might not make a big difference, because cautious lenders will probably see lease commitments as similar to long-term debt. The rules for accounting have also reduced this advantage by making you include leased assets on your balance sheet if you have a lot of financial leases. Even though renting may have some benefits, it can also have big disadvantages like. The problem with leasing is that you won't own the thing in the end. The leasing company keeps owning the asset while you're leasing it and even after the lease ends. Unless the car is sold to someone else, the lease company gets the money and gives you a percentage. Lease payments usually do not give you ownership of the leased equipment. At the end of the lease, you can keep the things you have been borrowing by paying for them.

Expensive

Leasing can be costly over time because you don't have to make a big payment at once, but you end up paying more in the long run. Leasing can end up costing more in the long run compared to buying the asset outright. The money you pay to rent something covers the owner's cost to buy and finance it, as well as their risk of still owning it. Paying for the insurance and taxes for the asset makes the monthly payments and total cost of the equipment higher. Because you don't own the equipment you've rented, you are responsible for taking care of it and fixing it if it breaks. If your employees aren't trained to fix the equipment, it could cost a lot if something goes wrong. Some leasing companies pay for maintenance and repairs, which makes the monthly cost higher but saves money over time. If a business needs to make big changes, it can be hard and costly to end a lease before it's supposed to be over. Sometimes, a business can rent out property it doesn't need anymore. But it might not make

enough money to cover the original lease cost. And the original landlord usually has to agree to it. Increase in the amount of money paid for renting something. If the business does well, the landlord may ask for more money for rent when the lease is up for renewal. Loss of Tax Benefits means you won't get the tax breaks or advantages that you were getting before.

If the tax people don't change your lease into a purchase for tax reasons, one downside of leasing is that you might not get the tax benefits of depreciation that you get when you own something. This disadvantage might not be a big problem if you can deduct your rent payments or if you don't have enough income or tax to make up for the lost deductions and credits.

Promise to take care of property

When you agree to rent a place, you have to keep paying for the whole time you agreed to, even if you move out. Equipment leases usually cannot be cancelled, or if they are, there is a big fee for ending them early. Insurance is when you pay money to a company, and in exchange, they promise to help you pay for things if something bad happens to you. Insurance helps protect you from losing money. It is the best way to deal with risks, so it is also known as "risk cover". Risk is when something bad might happen, but we're not sure if it will. People dying, accidents that cause long-term physical problems, homes getting destroyed by floods, etc.

Insurance is a deal between two people, the insurer and the insured. The insurer promises to give the insured money if they have unexpected financial problems. In return, the insured pays the insurer regularly. In insurance, when some people have a loss, it is shared by everyone in the group to help reduce the impact on the unlucky few. This is a service that helps people get back the money they lost from an accident or other bad event. Therefore, insurance gives a special feeling of safety that no other type of investment gives. Insurance is a good way to invest your money. These products lose more money than regular investments.

However, before allowing private companies to enter this industry, a separate insurance regulator was created in 2000. The Insurance Regulatory and Development Authority has a lot of power to watch over the insurance business and make rules to protect the people who have insurance. Factoring means finding the numbers that can be multiplied together to get a certain number.Factoring service helps Indian industries with their needs in the new business environment. It started in the 15th century. England and France hired special agents to help them send goods to their colonies. These agents were later known as factoring companies. Factoring is when a business sells its customer's debts to a bank or financial institution. The bank pays the business for the debts and collects the money from the customers.Factoring is a way for a business to get their invoices paid quickly, sometimes in just two days. It gives the customer the money needed to run the business, pay suppliers, and expand. Factoring is not like getting a loan for a business. In simple words, factoring means selling your invoices for less money in order to get cash right away. The company that gives you money now will wait to be paid later.

CONCLUSION

The different kinds of financial services show how the financial industry is always changing and growing worldwide. From old-fashioned banks to new tech finance options, each one is important for the economy, to handle risks, and to help people with their money. The conclusion talks about how technology has changed banking and financial services, like digital banking, mobile payments, and blockchain. These new ideas make it easier and faster to use, and they also make the financial system more open and responsive to everyone.

Furthermore, the financial services mentioned in this summary, like small loans and banking on mobile phones, show that the industry wants to help people who don't have access to banks and financial services. Financial inclusion helps people and communities grow their money and have more power. This makes society stronger and helps it recover from challenges.

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CHAPTER 9

EXAMINING THE CAPITAL RESTRUCTURING SERVICES

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ABSTRACT:

The realm of Capital Restructuring Services, is a critical facet of financial management that involves reshaping a company's capital structure to enhance efficiency, mitigate risk, and drive sustainable growth. Capital restructuring encompasses a spectrum of strategic initiatives, such as debt refinancing, equity issuance, and asset reconfiguration, aimed at optimizing the financial structure of an organization. The abstract begins by elucidating the motivations behind capital restructuring, exploring how companies seek to improve liquidity, reduce financial leverage, and enhance overall financial performance. It underscores the role of financial advisors and institutions specializing in capital restructuring services in guiding organizations through complex decisions related to debt-equity ratios, capital injections, and asset divestitures. Furthermore, the abstract examines the impact of economic cycles, market conditions, and regulatory frameworks on the necessity for capital restructuring. It also highlights the potential benefits and challenges associated with such initiatives, emphasizing the importance of aligning restructuring strategies with organizational goals and market dynamics.

KEYWORDS:

Accounting Treatment, Capital Injections, Capital Restructuring, Debt Refinancing, Financial Advisors, Financial Performance.

INTRODUCTION

The seller sells the bill to the buyer. They give you 70% to 90% of your invoice as the first payment. This is called progress. The business owner gets quick money to run the business. When the customer gives money to the factoring company, the businessman gets the next part of the payment and has to pay a small fee for the service. This is called the cash back. Receivable factoring costs can vary based on how big the transaction is and when it happens. On average, the cost is usually between 1. 5% and 3% of the invoice. One good thing about factoring is that it's easier to get than a business loan. Also, the company that buys your invoices can give you the money you need in just one week. To get approval for factoring, you need to do business with clients who have good credit. In 1990, RBI made rules for factoring services to give them a legal structure. Banks can invest in factoring companies up to a certain amount, but they are not allowed to promote or support these companies. The bank can only invest a maximum of 10% of its money in factoring companies, including its own subsidiary. Underwriting means the process of evaluating and assuming the risk of insuring someone or something. Underwriting is when big financial companies like banks, insurance companies, and investment firms check if a customer qualifies to get their products. Underwriting comes in different forms. Helping companies to sell their stocks or bonds to the public by finding investors and setting the price. Securities underwriting is when investment banks help companies and governments sell stocks and bonds to investors in order to raise money. In this situation, the underwriters will make their money from the difference in price between what the issuer pays and what investors pay when they buy part of the offering. Bank underwriting is when a bank assesses the risk of lending money to a person or a

company[1], [2]. Banking underwriting is when a bank looks at a person's credit and financial information before giving them a loan. This includes looking at their job history, income, and financial documents. The bank evaluates the person's credit and decides if they are able to pay back the loan. Bank's affiliates called securities affiliates help them with underwriting corporate securities. Insurance underwriting is the process of evaluating the risk of insuring a person or property and determining the cost of the insurance policy.

Insurance underwriters will first look at the chances of something bad happening and how much it might cost for people who might want to buy insurance. Underwriting is a way to understand how much risk there is and decide how much money someone should pay for insurance. The underwriter's job is to find and manage business that makes money for the insurance company and helps protect businesses from potential losses. Merchant banking is when a company helps other companies with their money stuff, like giving advice on big money deals or helping them merge with other companies. Sometimes they also invest in companies by buying part of the company. Merchant banking helps companies with financial services. They provide different services for promoting and running industrial projects, helping start new companies, and planning and carrying out new projects. They give guidance and advice for these activities. Merchant banking is the business of handling money. Its main goal is to connect people who have money with people who need money, and to make the most financial benefit for both. It is the middle way for money to be given out and traded well. Merchant banking is important for helping to decide how resources are used in the free market. Merchant banks can do different things and focus on what their clients need [3], [4].

DISCUSSION

The main goal of capital restructuring is to help projects reach their full potential by finding the best way to use their money and coming up with different plans to grow and change their funding. It also works on doing different kinds of business activities and making plans for combining businesses or changing their status. Capital restructuring services help to give advice on making the capital structure stronger, wider, or changing it.

Credit Syndication

The process of securing a loan from multiple lenders, rather than just one, for a single borrower. Calculating the overall price. Creating a money plan for the entire project. Preparing paperwork to ask for money from the bank. Choosing banks and other institutions to help with paying for something. Evaluating how much money a company needs to run its day-to-day operations. Issue management means the process of releasing and selling shares and other investments to the public.

Merchant banks are important in helping companies get money by selling stocks and bonds. Private Placements are when a company sells its stocks or bonds directly to investors, instead of offering them to the general public. Private placement means getting money by selling shares and other investments to specific investors. In this case, merchant bankers assist companies in finding possible investors. Scheduling a meeting with people who might invest in our project. Following the laws and rules. Managing a collection of investments for someone is called Portfolio Management Services. Portfolio management is when we decide how to invest our money in the stock market. Merchant banks help people decide how to invest their money in the best way. They look at things like what the person wants to achieve with their investment, how much tax they have to pay, and their goal for making money and growing their capital. Marketing of financial services is about promoting and advertising financial products to attract customers[5], [6].

The first barter exchange showed that trading could benefit both people involved. This was the start of marketing. Realizing that adding value to products or services was important, which led to people becoming specialized in certain tasks. It was actually the first big step forward in making the economy better. In the past 100 years, marketing has become a big subject to study, instead of just something people do in business. Marketing is an idea and something that people do. This is a way for organizations to share and talk with each other, and it helps them come up with plans.

Marketing is a new concept for the financial sector. Until recently, in most financial companies, marketing was mainly about advertising and public relations. Before the 1970s, businesses did not have marketing departments. Please simplify this paragraph in easy language. Thank you even at that time, marketing was usually more focused on long-term planning and overall business goals. The likelihood of people or businesses being able to use financial services is different from actually using financial services. This is because they may or may not choose to use financial services. People who choose not to use financial services do not need them because they have no use for them. If someone can't use financial services for reasons beyond their control, there are many reasons they might not have access[7], [8].

Government's rules for how financial services work in India

The banking and finance industry in India has grown in a more competitive and healthy environment. In India, different government agencies control things like banks, insurance, mortgages and the stock market. The rules for the financial industry in India can be divided into different categories. Government organizations that make and enforce rules for businesses and banks. It is also known as rules about how financial institutions should operate. It helps players and institutions compete in a healthy way. The Apex agency, like SEBI, oversees the Merchant Banking and Stock Broking companies. RBI is another organization that tells commercial banks what they can and can't do. Prudential rules are about how banks and other financial businesses manage their money to make sure they have enough and are stable. It wants to stop companies from joining if they don't have enough money. The SEBI and RBI have set a minimum amount of money that financial service companies need to have in order to operate. These regulations apply to non-banking financial companies (NBFC's).

Investors and regulators

SEBI's job is to make sure investors are protected by giving them rules to follow. The government makes rules to help the financial services industry grow and be successful. These laws are made to create rules and regulations for how banks and securities contracts work. They focus on the details and day-to-day operations.

Self-regulators

This adds to the rules that we set for ourselves. Here they are. The Foreign Exchange Dealers association, Merchant Bankers association and SEBI have rules for their members to follow.

Advertising and promoting financial services

The main goal of every business and industrial company is to make as much profit as possible by selling as much as they can. The company needs to use sales promotions to increase sales. Sales promotional activity refers to any action taken to increase sales. These activities include advertising, sales promotions, and personal selling. "Advertising, sales promotions, and personal selling are all ways to promote and sell products. Advertising and sales promotions are more indirect, while personal selling is more direct [9], [10].

Promoting finance services

Advertising is usually used to tell people about a product or service. In this situation, it means money services. However, this is not the right or full understanding of the term. In simple terms, advertising means the things a business does to show and sell its products to customers. The word "advertising" or "advertisement" has been described by some important writers: The American Marketing Association says that advertising is when companies pay to promote their products or ideas in a way that makes people want to buy them. I cannot rewrite the text without knowing the complete content. Can you please provide the complete text that you want me to simplify? Stanton says that advertising is when someone shows and talks about a product or idea to a group of people using TV, radio, or other media. They pay for these messages to be shown. Richard Busk says that advertising is when someone pays to show ideas or sell things, and it's supported by a sponsor. So, the main goal of advertising is to tell, convince, and remind the people it is meant for. Media advertisements are things or tools used to tell people about a product using words or pictures. To make it easier to study, we can split advertising methods into four main categories. The system of government in place in the United States is known as a federal republic. Advertisements in newspapers are very popular these days. It is also thought to be the least expensive and most popular way of sharing information because a lot of people can see it. Press advertising can be separated into two types, newspapers and magazines. Newspapers and magazines are important in our daily lives. The information about newspaper advertising is as follows.

Sure, please provide the text that you would like me to rewrite in simple words. Ads in newspapers are called newspaper advertisements. A newspaper can be for the whole country, a state, or a district. It can happen every day, every week, or every two weeks. It can be in Hindi, English, or any other language. An ad in a magazine or journal is called a magazine or journal advertisement.I went to the store to buy some groceries and then I went to the bank to deposit a check. I went to the store to buy food and then I went to the bank to put money in. Outdoor advertising is ads that grab people's attention when they're not at home. These ads are shown on roads or somewhere else. This kind of advertising is very old, but it is still used a lot today. This is used a lot and in many places.

This type of advertising goes along with press ads. It is used to remind people about the product whenever and wherever they are.

This method is great for products that need to appeal to many people. Electronic advertising - Electronic advertising is when a company uses phone or email to let people know about their products. This kind of advertising is good because it can be set up to fit each customer's needs[11], [12]. The text should be rewritten in simple words: Sure. What is the original text you would like to have rewritten in simpler words? In India, many fairs and exhibitions are held in various places at different times. Banks and other money companies go to these events to tell people about their products. Because many people, business owners, and manufacturers attend these fairs and exhibitions, it's a good chance for financial institutions to show their products.

Movies are the most affordable and favorite way for people to have fun nowadays. Advertisers make slides for the movies and these slides are shown before the movie starts and during the break.

The text is about a document that is being rewritten. Nowadays, many people use radio and television a lot. These days, more and more people are using radio and TV advertisements. Advertising on these platforms has been successful in making people want, buy, and keep buying products.

Market Segmentation and Mix of Financial Services

Market segmentation is when the market or customers are split into smaller groups with similar interests. It is commonly used to divide people based on where they live, their personality, their age and gender, their use of technology, their use of products, and their interests and beliefs. The marketing mix is a combination of four key factors for financial services, also known as the four P's. Breaking down customers into smaller groups based on their financial needs and characteristics.

Market segmentation is a way to look at how markets change and grow. This chart shows how many people are using a product or service at a specific time, and how it changes in the market. Sorting consumers into users and non-users will help us create better policies to meet the needs of the market. It's not easy to figure out how many people can get loans because there isn't much information about it.

The marketing mix is an important idea in modern marketing theory. In reality, the marketing mix is seen as the most important part of marketing. Neil Borden, in reference to JameCuliton's article, said that a marketer is seen as someone who makes decisions, creates art, and mixes different things together to plan how to compete. He can use a recipe from someone else, make up his own recipe, and change a recipe to fit the ingredients he has, or try new ingredients that no one else has used. A marketer is like a chef who creates a marketing mix. Borden said it made sense to start with understanding different marketing strategies and then come up with a concept that includes all these strategies and the market forces that make companies use them. Later on, Borden's idea of marketing mix was acknowledged in marketing theory. So, let's look at how each "P" is important when marketing banking services.

Selling financial services is different because both the product and how it's provided are very important. The product has to be what the customers need and want. The quality of a product or service decides which one customers will choose from a range of options that best meets their needs, whether from the same bank or different banks. Customers also consider the interest they will get from the bank, as well as the packaging and branding of the products, such as the 'Suvidha scheme' or 'kamdhanu' or 'Grihavitta scheme' when choosing bank products.

Marketing for money services

In the competitive banking industry, the cost of a product is important because it should match the price the customer pays. Even though the maximum interest rate is set by the IBA and RBI, customers still care about the different interest rates and how they affect pricing. Banks charge interest rates on loans and offer interest rates on deposit schemes. This is the most obvious way that customers can see how much it will cost to use a bank's services. Likewise, fees for services and other charges help to distinguish between different bank products. The research from IBA shows that customers prefer a bank that is safe and easy to get to. Advertisements and marketing are very important for the bank to be successful in selling its products. The bank talks to its customers and the public using ads, brochures, and signs, as well as through public relations inside and outside the bank. They have well-trained staff to help them. This helps the bank to look good to the public and get more customers. Let's talk briefly about why it's important to have a good balance of three things when it comes to marketing banking services.

People are the most important part of financial services marketing. This includes everyone who works at the bank, from the top executives to the lower-level staff. The bank's rules and

technology can only provide good service if the people who work there are well-trained, motivated, and committed to helping customers. They are very important for the bank's efforts to attract and keep customers. The way the staff at the counter look, how well the sales team interacts with people, and the friendly and caring attitude of everyone towards customers all lead to good experiences for customers. This helps the bank to keep growing its business year after year. Tangible proof like the look and feel of a bank, the way it's set up, and the friendly staff, can help a bank stand out and be more successful than its competitors.

The process starts with making policies to help customers and making procedures easier for employees. It needs to have good quality, giving tasks to the right people, giving them direction, and letting them make decisions for good customer service. The workers are confident and they give good quality products to make the customers happy. Market research in financial services Explanation: Studying and learning about the financial services industry.

Marketing research is about finding, gathering, studying, and sharing information. Every step in this process matters. We figure out what the problem or opportunity is in marketing research, decide what information we need to look into it, and then make conclusions. In the end, the results, importance and suggestions are given in a way that makes it easy for financial institutions to use the information to make decisions and take action. Marketing research helps in making decisions. It is not the main goal, but a tool to help reach goals.

Financial Services Marketing

A company can learn about a market by using information that it collects itself or by using information that has already been gathered by other people. When a company does primary market research, they gather information directly by talking to people. They might do interviews, surveys, or other ways of directly contacting representatives and potential buyers. Doing your own research is good because it gives the information you need, but it takes a lot of time and money.

Using information from other sources is cheaper and allows the company to concentrate on its marketing activities. While secondary data is important for market research, it does have some drawbacks. The latest information for some countries could be more than two years old. Furthermore, the information might be too general to be useful for a company. Statistics can be wrong if the data isn't collected properly. Finally, it is hard to find numbers for how many people use certain services. However, even with these drawbacks, doing secondary research is helpful and can be seen as a simple first step for a company to take.Qualitative marketing research - This type of research is usually used to help explore and understand new ideas or topics. They include only a few people and do not represent the entire population.

This method is often used to make decisions. It checks a guess and uses random sampling to make generalizations from a small group to a larger group. This way involves many people answering questions, like in surveys and questionnaires. The second text is about keeping things simple. Based on what we have seen This method is about the researcher watching and studying social behaviors in their natural environment. These observations can happen at one time or over a long period.

Experimental methods - This technique uses numbers to measure things. The researcher makes a fake environment to control things that might affect the results. Then they change at least one thing and do the research. This way of doing things helps organizations come up with plans. Marketing is new to the financial industry. In the past, marketing in financial companies mainly meant advertising and public relations on a small scale. In India, the banking, insurance, mortgage, and stock market systems are controlled by their own separate

regulators. The finance ministry oversees the money system in India. Every year on February 28th, the finance ministry gives the annual budget. It seems like every business wants to make a lot of money by selling a lot of products. But to sell a lot, they need to do things to promote their products. Promotion is when a company communicates to reach their goals in marketing. The promotion includes advertising, public relations, sales events, and talking to people in person. The marketing mix is an important idea in modern marketing. In real life, the marketing mix is seen as the heart of marketing. Marketing research is about finding and gathering information, analyzing it, and then sharing it with others. Every part of this process matters. We discover a problem or opportunity in marketing, figure out what information we need to look into it, and use that information to draw conclusions.

CONCLUSION

The conclusion discusses the many reasons why organizations want to change how they manage their money, like making it easier to access cash or lowering their debts. Financial advisors and banks that focus on these services are very important in helping companies make smart choices about how much debt and equity they have, putting money into the company, and changing around their assets. The financial world changes a lot because of the economy, market conditions, and rules.

This means that it's important to be flexible when rearranging how money is used. Although these services can help make more money, they also have problems that require the business to work with its goals and be quick to respond to changes in the market. As industries change and sustainability becomes important, the conclusion talks about how capital restructuring services are changing to deal with new trends. This means thinking about combining companies, selling off parts of a company, and using sustainable finance to include things like the environment, social issues, and governance when making decisions.

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CHAPTER 10

EXPLORING THE ESSENTIAL ELEMENTS OF LEASING

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ABSTRACT:

The essential elements that constitute the leasing framework, a versatile financial tool offering businesses and individual's flexibility in acquiring assets without the burdens of ownership. Leasing, whether for equipment, real estate, or vehicles, involves a nuanced interplay of elements that contribute to its attractiveness as a financial strategy. The abstract begins by delineating the fundamental concept of leasing, wherein lessees gain access to assets for a predetermined period while lessors retain ownership. It explores the diverse types of leases, such as operating leases and capital leases, each serving distinct financial objectives and presenting unique accounting considerations. Examining the key components of leasing agreements, the abstract delves into critical elements such as lease term, payment structures, and residual values. It highlights how these elements contribute to tailoring leasing arrangements to meet specific financial goals, offering lessees the flexibility to adapt to changing business needs. The abstract further explores the accounting and tax implications of leasing, shedding light on how different lease structures impact financial statements and tax liabilities. It emphasizes the significance of understanding these implications for informed decision-making in the context of financial planning and reporting.

KEYWORDS:

Asset Ownership, Customization, Down Payment, Financial Flexibility, Maintenance Responsibilities, Payment Structures.

INTRODUCTION

Usually, companies buy things that help them make products or offer services, and then they use them themselves. A company can get money to buy things from either inside the company or from outside sources. Over time, the money made within the company has been decreasing because the company isn't making as much profit. The banks don't have enough money to lend to all the people who want to borrow. Moreover, the current business world is getting increasingly complicated. The companies want to grow and be stable in order to do well. To achieve this goal, companies need to grow a lot, do different things, and update their methods. Basically, these projects require a lot of money to be invested. Many companies had to find other ways to pay for their projects because prices were going up fast, taxes were high, and they didn't have much money. Leasing is now a popular way to finance buying things like equipment. Leasing is when one company buys equipment and lets another company use it for a while in exchange for rent. The rent is set at a certain amount and needs to be paid regularly at agreed upon times that work for both the tenant and the landlord. However, the person renting the equipment still owns it during the main time period. By leasing, the company can use the equipment as if it was theirs, without having to pay for it upfront. You can easily pay the lease rent from the money you make using the equipment. And you can deduct the entire rent from your taxes[1], [2].

In simple words, a lease is when someone allows another person to use their stuff for a certain period of time in exchange for payment. During a certain amount of time, someone

agrees to pay regularly for something, sometimes with an additional payment. At the end of the contract, the equipment goes back to the original owner, unless there is an option to extend the contract. Leasing means separating owning something from using it for business. It is a way to pay for something by borrowing money. The person renting the item can use it as long as they pay the agreed-upon rental fee for a set amount of time. Lease financing is a way to borrow money for large purchases. The main job of a lessor is not renting out something, but giving money or credit. Lease financing is basically a loan agreement. The lessor owns the asset in name only, while the lessee has possession and can use the equipment as if they were the owner. The person renting can pick the thing they want and the person renting it out won't take it back as long as they keep paying. The important parts of leasing. Two people are involved in a lease financing contract: the owner and the user. The owner is called the lessor and the user is called the lessee. Both the lessor and lessee can be individuals, partnerships, companies, or financial institutions [3], [4].

Classification of Leasing

An equipment lease can be different depending on who takes on the risks and benefits of owning the equipment, how many people are involved, where the equipment is made, and where the lessor and lessee are located. Risk in leasing means the chance of losing money because the equipment is not used enough or becomes outdated. Reward means the extra money made from using the equipment over its lifetime and the expected value of the equipment at the end of its lifetime [5], [6].

DISCUSSION

According to the rules for accounting, in a finance lease, the person renting the item takes on most of the risks and benefits of owning it, even if they don't actually own it. This means paying rent for a set period of time that can't be canceled, so that the landlord can make back their investment and earn extra money. In these leases, the person lending the money is only a financier and usually doesn't care about the assets. That's why these leases are also called full payout leases because they help the person leasing to get back their money and make a profit from the assets. These leases don't really care about the assets. The lease includes ships, airplanes, train cars, land, buildings, heavy machinery, diesel generators, and more. IAS-17 says that when someone leases equipment, they take on a lot of the risks and rewards of owning it. This happens when they can buy the equipment at the end of the lease for a low price, and it's pretty certain they will buy it. The lease lasts for most of the time the asset is useful. The title might not be able to be transferred in the end. The useful life of an asset refers to the shortest time it can be used before it wears out[7], [8].

Physical life is about how long something can work. The time when technology does not become old-fashioned is called technological life. Product market life is the time when a product is selling well. If the lease lasts more than 75% of the equipment's useful life, then it's a finance lease. The amount of money you have to pay for the lease is the same as or more than the worth of the asset when the lease started. The title might or might not be transferred in the future. The cutoff point is when the equipment's present value is more than 90% of its fair market value. Find the value of the lease today by using a discount rate. For the lessor, use the rate in the lease. For the lessee, use the borrowing rate. In India, a lease is considered a finance lease if it meets one of the last two conditions. A lease agreement with the first two conditions is seen as a hire-purchase agreement.

A finance lease includes these features: The person renting the equipment chooses the one he needs from the company that makes or sells it. The person renting negotiates and agrees with the company that makes or sells the item about the price, when it will be delivered, how it

will be installed, the warranty, how to maintain it and when to pay for it. The person who rents out the equipment buys it from the maker or distributor, or from the renter after it is delivered. The owner rents the equipment to someone else. The person who owns the equipment keeps the ownership, while the person who is renting it is allowed to use it. A finance lease lets the person renting the equipment decide if they want to buy it later on. In India, this practice is not common. The lease period covers the expected time that the asset will be useful. The lease is for a set period of time that cannot be canceled. During this time, the person who owns the property tries to make back the money they put into it, plus some extra money. During this time, ending the lease will be very expensive. After that, the lease can be renewed for another period. The rent will be much cheaper during this time. The person renting the equipment can use it alone and without any problems as long as they pay the rent on time and follow the agreement's rules. The person renting the equipment gets to pick it and is responsible for making sure it's the right fit, not becoming outdated, and taking care of repairs and insurance[9], [10].

An operating lease is a type of lease that is not a finance lease, according to the IAS-17. In an operating lease, the person leasing the asset doesn't take on all the risks and rewards of owning it, and the cost of the asset isn't fully paid off during the lease. The owner of the leased item also offers services like fixing it, keeping it in good condition and giving advice on how to use it. Because of this, an operating lease includes a fee for the services offered, and the person renting the property doesn't rely on just one renter to cover their costs. An operating lease is usually used for things like computers, office equipment, cars, trucks, and phones. An operating lease usually lasts for a much shorter time than the life of the thing being leased. Sometimes it could happen every hour, day, week, or month. Either the landlord or the tenant can end the lease before it expires. The lease doesn't last as long as the asset, so the rent doesn't cover the full cost of the asset. The owner doesn't depend on just one person renting to make money back. He is very interested in how much the asset is worth in the end. The person who owns the property takes on the risk of it becoming outdated, because the person renting it can end the agreement whenever they want. An operating lease usually includes a maintenance clause that makes the person renting the asset responsible for keeping it in good condition and providing services like insurance, support, fuel, etc.

Selling and renting back and renting directly

Sale and leaseback is kinda like renting something from someone who previously bought it. The owner sells their equipment to a leasing company and then rents it back. A common example of this leasing is when banks sell their safe deposit valuables to a leasing company and then lease them back at a much higher price. The company rents out the lockers to the bank for a long time. The bank rents out lockers to its customers. In a sale and lease back leasing arrangement, the lease can be a finance lease or an operating lease. In a direct lease, the person renting the equipment and the owner are different. There are two types of direct leases: Bipartite and Tripartite leases.

Dual Contract

In a lease, there are two parties: the company supplying the equipment and the company renting it. This kind of lease is usually an operating lease with extra features, like upgrading the equipment and adding to the original equipment setup. The person renting the equipment takes care of it and will give you a new one if needed. Three-party lease, where three different people or companies are involved in the lease agreement for equipment. This new kind of lease is called a sales-aid lease. It's when the equipment supplier helps a company arrange to lease equipment. Giving information about the customer to the leasing company,

discussing the lease details with the customer and taking care of all the paperwork for the leasing company, making the lease agreement himself and getting the lease payments from the leasing company. The result is that the company renting the equipment doesn't really own it, and the leasing company gets the payments for the lease[11], [12].

The sales-aid lease means that if the person leasing the equipment can't make the payments, the supplier can either buy the equipment back or guarantee the payments for the person leasing it.There are only two people involved in the lease - the person renting out the property (lessor) and the person renting the property (lessee). The company uses a combination of borrowed money and its own money to pay for everything. The leasing company borrowed money to buy the asset, and the person leasing it is not responsible for paying back the loan. If the leasing company doesn't pay their debt, the person renting the property doesn't have to pay the lender. In the deal, there are three sides: the person renting out the item, the person lending the money, and the person who is renting the item. In this type of lease, the company borrows a lot of money to buy the asset. The lender gets the right to take over the lease and the first claim on the leased property. The money goes through a middleman who protects the interests of the person lending the money and the person borrowing it. When the person renting pays, the trustee gives some of the money to the loan person and the rest to the owner.

Like any other lease, a leveraged lease allows the person renting out the thing to get tax benefits on the decrease in value of the thing and other financial allowances for the full cost of the investment, including the debt that doesn't have to be paid back. The profit made from the investments is very high. From the person renting, the lease has a lower interest rate than a loan because the landlord gives some of the tax benefits to the renter in the form of lower rent payments. Leveraged leases are usually used for renting expensive things like airplanes and boats. Domestic Lease A lease is considered domestic if everyone involved in the agreement - the equipment supplier, person leasing the equipment, and the person renting the equipment - all live in the same country. International Lease is when people from different countries make an agreement to lease something. There are different types of international leases, like Import Lease and cross-border lease. In an import lease, the person renting the equipment and the person who owns it are both living in the same country, but the company that makes the equipment is in a different country. The owner brings the equipment into the country and rents it to the person who needs it. A cross-border lease happens when the person renting and the person leasing the item are from different countries. It doesn't matter where the item comes from. In simple terms, domestic and international leases are different because they have different levels of risk. The second type of lease has two more risks: country risk and currency risk. Country risk comes from figuring out how to set up the lease deal based on the political and economic situation and the tax and rules in other countries. Paying the supplier and leasing costs in different currencies may result in changes in the exchange rate and cause currency risk.Dear Tenant, Lease financing can help you in a few ways. It can provide financing for big purchases like land, buildings, machinery, and equipment without needing a big down payment right away. So, the person renting the space can start their business without having to spend any money at the beginning. Another way to get money - Leasing helps businesses get equipment and machinery without having to spend a lot of money upfront. This can help the business use its money more effectively. It improves the company's money for everyday expenses and gives them more cash to use for their business. Cheaper - Leasing is cheaper than other financing options. Off-Balance Sheet Financing - When a company leases an asset, it doesn't show it on its balance sheet. They only mention the lease in a footnote. Lease financing doesn't impact the company's ability to borrow money, and the lessor's safety is also linked to the leased asset.

However, the benefit is mostly more obvious than actual. Development banks and other lending agencies do not only look at how strong the borrower's balance sheet looks when deciding to lend money. They want to know about the hidden debts in order to figure out how much money they can really borrow. Off-balance sheet financing can be confusing for lenders who use financial statements to make decisions. In short, if a company doesn't disclose its lease obligations and the value of the things it's leasing, it will make its debt look smaller compared to its equity, and it will make its assets look like they're being used more efficiently and making more money than they really are. They don't realize how risky it is and think the firm is worth more than it really is because they are influenced by these factors. To correct the mistakes in financial statements, the IAS-17 advises that finance leases should be included in the assets of the company leasing the items. Ownership Preserved - Leasing allows for getting money without giving up ownership or control for the owners. Other ways to get money for a long time, like selling shares or borrowing money, usually mean the owners lose some of their control. Don't make any demands- Lease finance is better than institutional finance because with lease finance, there are no conditions. Lease financing is good because it doesn't have a lot of rules and conditions like bank loans do. It doesn't require things like having a say in how the business is run, turning debt into ownership of the company, or giving out profits to shareholders. Rent payments can be arranged to fit the renter's cash flow, making it easier for them to pay. The lease payments are designed to be affordable so that the person renting can pay them with money earned from their business. The lease period is picked to match how much the renter can afford and how long the asset will be used for. Simple- A lease finance agreement is easy to talk about and not complicated with faster and easy paperwork. On the other hand, getting money from banks or other financial institutions and taking out long-term loans involves following rules, doing paperwork, and having to wait longer for the process to be completed. Tax benefits - By organizing lease payments in a specific way, you can get a lot of tax advantages. If the person renting the property has to pay taxes, the rent may go up so they can reduce the amount of money they have to pay in taxes. The cost of the asset is paid off more quickly when it is rented compared to when it is owned, because the amount of depreciation that can be deducted is higher. If the person renting the property is the one paying the taxes, they might be able to pay less rent to share some of the tax savings with the person renting from them. So, the amount of money paid for renting something can be changed to wait to pay taxes. Obsolete things are not a problem - When someone rents something, the owner takes the risk of it becoming outdated and the person renting it can always get something newer.

Problems with leasing

Leasing money has some problems too. Limits on how the equipment can be used may be included in the lease. It may also require insurance. In addition, the person renting the asset cannot change it to fit their needs.

Problems with Financial Lease

If the equipment is not useful and the renter wants to end the lease early, they might have to pay a lot of money. Also, the person renting the item doesn't have the right to any guarantees or promises about its condition because they don't own it.

Loss of Residual Value

The person leasing the asset never gets to own it. So, he doesn't get any extra money from the value of the asset and doesn't benefit from any improvements or increases in value caused by inflation or other factors, like the value of leased land going up.

If you don't follow the rules of the lease, the owner can end the lease and take back the thing you were renting. In a finance lease, the person leasing the item might have to pay for any damages and make rental payments faster.

Lessee's Asset Understatement

When someone leases an asset, it doesn't get counted as part of their belongings. This means that their total assets might appear smaller than they really are, which could make them seem less important than they actually are. Now, companies must show their leased assets on the balance sheet by adding a note. Sales tax law changes in some states might mean that a lease financing deal could have sales tax charged twice - once when the company buys the equipment and again when it's leased to someone else.

Legal aspects of leasing

In India, there is no specific law for renting equipment. The rules for bailment in the Indian Contract Act also apply to equipment leasing agreements. Section 148 of the Indian Contract Act defines bailment as the delivery of goods from one person to another for a specific purpose, with an agreement that the goods will be returned or dealt with as per the instructions of the person who delivered them, once the purpose is fulfilled. The person giving the goods is called the 'bailor' and the person receiving them is called the 'bailee. '

When you lease equipment, it's like a contract to take care of someone else's things. The responsibilities of the person leasing the equipment and the one using it are the same as the person giving the equipment and the one receiving it, according to the Indian Contract Act. These rules have these effects on the person renting out the property and the person renting it. The person renting out the item must give it to the person renting it, give them permission to use it, and let them keep it in peace while they have it. The person renting the thing has to pay the agreed amount of money, take care of the thing, and give it back when the rental time is finished.

Renting buildings or land from the government

Banks and other financial companies like IFCI, ICICI, IRBI, and NSIC have started their own leasing businesses. The Shipping Credit and Investment Company of India lends money in foreign currencies to help people buy ships, deep sea fishing vehicles, and related equipment. Banks in India can create subsidiaries to do leasing activities under a law called the Banking Regulation Act, 1949. In 1986, SBI was the first bank to start a leasing business subsidiary.

Leasing at SBI is done through a special department in the bank called the Strategic Business Unit. Each Special Business Unit has well-trained staff and the best technology to help important business clients. Overall, the bank sees leasing as an area that is growing a lot. The bank is now focusing only on 'Big Ticket Leasing' which is usually a large amount of money. 5 crore and above. More than 5 crore. "SBI has given out over Rs. 300 crores through leasing, with an average deal size of Rs. " 25 crores = 250 million Other government-owned companies like Bharat Electronics Limited, Hindustan Packaging Company Limited, and Electronic Corporation of India Limited are now renting out their equipment instead of selling it.

CONCLUSION

Leasing is a helpful way for businesses and people to use important things without having to buy them. It gives them the flexibility to manage their money and access what they need without the responsibilities of owning it. Different kinds of leases, like operating and capital

leases, give options for different financial goals. Deciding between them needs to think about how they affect accounting, taxes, and operations. The conclusion says it's important to understand parts of lease agreements, like lease terms, payment plans, and leftover value. These things help leasing arrangements work well for businesses. They allow businesses to change their financial plans to match their changing needs. Also, the financial statements and taxes can be affected by the accounting and tax consequences of leasing. It's important to fully understand these consequences so that you can make good decisions. This helps businesses and people make the best financial plans and reports.

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CHAPTER 11

ANALYZING THE FEATURES OF HIRE PURCHASE AGREEMENT

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ABSTRACT:

The key features that characterize a Hire Purchase Agreement, are a financial arrangement widely employed for acquiring assets while distributing payments over time. This form of financing facilitates access to essential equipment, machinery, or vehicles, enabling individuals and businesses to bridge the gap between affordability and asset ownership. The abstract begins by delineating the fundamental concept of a Hire Purchase Agreement, wherein the buyer (hirer) gains immediate access to the asset while making fixed installment payments over an agreed-upon period. The structured payment plan incorporates principal and interest components, allowing for a gradual transfer of ownership rights upon the completion of payments. Examining the features that define Hire Purchase Agreements, the abstract delves into the role of the down payment and the significance of the hirer's ownership interest in the asset during the repayment period. The flexibility embedded in these agreements is highlighted, allowing for customization based on the financial capacities and requirements of the hirer.

KEYWORDS:

Asset Ownership, Down Payment, Financial Agreement, Hire Purchase, Instalment Payments.

INTRODUCTION

Leasing can work well in India. However, leasing in India has some serious problems that could harm its growth in the future. Unhealthy competition means when people try to win at any cost, even if it's not fair or good for others. The number of people who rent things has grown faster than the market for renting things. Therefore, there are too many people renting out things, which causes them to compete with each other. With more companies renting out items, the profit for those who rent out items has decreased from 4-5% to 2. 5-3% Bank-owned companies and financial institutions have an advantage over private businesses because they can get money at a lower cost. Leasing needs skilled and experienced people to lead it. Leasing is a special kind of business and the people who run it need to be good at accounting, finance, law, and making important decisions. Leasing business is new in India, so it's hard to find the right person to do it. Because of this, the leasing business will have difficulty with its operations[1], [2].

Tax Thinking

Many people think that renters like to lease things because they can get tax benefits. In reality, it just gives the advantage. The person who is renting the property doesn't have to pay as much in taxes, but the owner does. The lease only makes sense financially if the tax rate for the transfer is low. Also, there are taxes such as sales tax, wealth tax, extra tax, surcharge and others. Increase the amount of money needed to rent. Leasing costs more than regular financing like hire purchase. Stamp Duty is a tax that is paid when you buy a property or land.

The states consider a lease to be like a sale so they can collect sales tax on it. Instead, for stamp duty, the transaction is seen as just a rental agreement. A high tax is charged on lease documents. This makes it harder for companies that rent out things[3], [4].

Late payments and unpaid bills

Late rent payments and unpaid debts make leasing more expensive. The person renting the property did not think about this when deciding how much to charge for rent. These issues could upset the possibility of leasing business. Today, leasing makes up six per cent of all the money invested in India. Renting will be important and make up at least 15 percent of the total investment in capital goods. The world leasing industry increased by about 10 percent. As the economy gets better, there will be a lot of people wanting to rent different things like foreign money, things from other countries, and using loans to rent things. Rental companies are expected to grow a lot, following trends from other countries.

Leasing is expected to do very well in India. We are about to have a big improvement in how industries grow because the government is making it easier for businesses to operate. Leasing can help industries grow by providing an easy and flexible way to finance equipment. The government and public companies are getting help from the leasing industry to fund railways, telecommunication, transport, power, and infrastructure projects. Infrastructure financing is really important for a country's economy to grow. This can't happen faster without the leasing industry. The government is willing to listen to ideas about changing the current rules. Creating the right conditions and being ready to avoid problems in tax and other areas will help the industry grow faster. Hire purchase means buying something by paying for it over time in installments[5], [6].

Hire purchase is a way to buy things. In a hire purchase deal, a finance company rents out goods to a customer who is paying for them in installments. The buyer has to make regular payments of an agreed amount for a specific amount of time. The creditor owns the property until the hirer pays the last installment, then the ownership is transferred to the hirer.

DISCUSSION

Under hire purchase, the buyer can take the stuff right away but has to pay for it bit by bit. Each payment is considered as rent. The hirer becomes the owner of the goods once they make the final payment. If the buyer doesn't pay an installment, the seller can take back the goods and keep the money already paid as a fee for using the goods. The person renting the property can end the agreement before they actually take possession of the property. He can choose to give back the things and then he doesn't have to make any more payments. However, he cannot get back the money he already paid because that money legally represents the rent for the goods he rented.

Legal status or situation.

The Hire Purchase Act, 1972 says that a hire purchase agreement is when you rent something and can choose to buy it later, according to the agreement. You need to pay in parts over a certain time. The buyer gets the item when they sign the contract. Ownership of the goods gets transferred to the buyer once the final payment is made. Each payment is like renting the item. If you miss a payment, the seller can take the item back. The person renting or buying the item can give it back without having to pay any more money for it. Hire Purchase and Credit Sale are ways to buy something now and pay for it later[7], [8].

A higher purchase transaction is not the same as a credit sale. In a real sale, the buyer gets the ownership and possession of the property at the same time. But in hire purchase, the seller

keeps ownership until the last payment is made. Buying something on hire purchase means you pay for it in instalments over time. You can also do this with an instalment sale. Buying something with hire purchase is not the same as buying it in instalments. In an instalment system, the buyer gets the goods and becomes the owner as soon as they agree to buy them. Moreover, if the buyer doesn't pay, the seller cannot take back the goods. He can sue the person who didn't pay him, and he can also sell the goods however he wants. If anything gets lost, the buyer has to pay for it because they own it.

Bank lending for buying things on installment payments

The smaller part of banks loan money to the dealer or finance middleman who has already given money to the person renting something they bought from the dealer. When the bank's subsidiary is looking at offers from dealers or companies that offer hire purchase financing, they need to be extra careful because hire purchase contracts are different. When the bank's sister company is asked to do this kind of business, they will check how well the dealer or hire purchase company is doing financially. They will also think about the rules for giving loans and follow the steps below.

The money system all around the world is changing very fast. Therefore, the stock market, cash market, and bond market are expanding and becoming more extensive. It's cool to see that new things are coming out in the debt market, like new tools and new stuff to buy. The debt market helps the capital market to work better. Furthermore, the debt market is likely to grow as well, similar to the stock market. So, it is clear that a debt market should have two types of markets: one where the debt is first sold, and one where it can be bought and sold by investors. In this situation, using debt or assets to secure loans is very important. It's a new and creative way to achieve this goal in the debt market. In addition, the debt market has helped more in building up capital in rich countries than the stock market[9], [10].

The idea of securitisation

Securitization means turning long-term and hard-to-sell assets like loans and money owed to a bank into tradable securities. It's a way for financial institutions to get cash for these assets. In simple terms, it is a method to change a valuable financial asset like hire purchase into smaller, tradable securities like shares. This makes it easier to buy and sell them in the market. So, it's just a way for a financial company to take out valuable things they own from their records and get cash instead by selling securities. In securitisation, a bank combines its assets that are hard to sell and not easy to change into money, makes securities from them, gets them evaluated and sells them to people who want to invest. It is a continuous process where things like money, investments, and property are changed into different forms and back again over time.

In simple words, when banks and other financial institutions give out loans or help people buy things on credit, it shows up as something valuable on their financial records. Some of these things are kept for a long time, which means that money is tied up for too long. In order to keep giving out loans without stopping, they have to use different expensive sources of money that are hard to get. Once again, they have to take the chance of the money owed to them. Now, securitisation is an easy solution for them. Securitisation helps them to get back money at a good price and with less risk of not getting paid back. In simple terms, securitisation helps financial institutions take assets off their books by turning them into tradable financial products that can be easily bought and sold. Also, looking at it from a different perspective, securitization is extremely beneficial for financial institutions. From the risk management perspective, lending institutions have to take on the credit risk by keeping the money they lend in their own portfolio. Securitisation can help spread out risk and

provide more opportunities for investment. The whole process of securitization happens on the asset side of the Balance Sheet. It's important to remember this. One thing is changed into another thing with value[11], [12].

As mentioned before, securitization helps financial institutions turn their medium and long term loans and receivables into cash quickly. Securitization is when loans and other money owed are bundled together, approved, and sold as asset-backed investments. "Securitization is when a company turns its loans and money owed into financial instruments that can be easily traded and sold. Based on what Hendersen, J. saidScott and J. P"Securitisation is when a lending institution's assets are taken off its balance sheet and funded by investors who buy a negotiable financial instrument showing the debt, with little or no risk to the original lender. " In simple words, you can turn financial assets into cash by grouping loans together and selling them in the market. The definitions above show that securitisation is just putting a bunch of financial assets together and turning them into market securities. In short, things that are hard to sell are turned into things that can be easily bought and sold. Structured securities are investments that are made up of different financial assets that have been combined in a specific way. They are different from regular securities because they are designed to have specific features or characteristics. Traditional investments

Securitisation means making a financial deal in a structured way. It thinks about making securities using assets that are hard to sell, and these securities are made in a special way. This is true because they are supported by the value of the financial asset and by a third party's credit. At this point, don't mix up these complex securities with regular ones like bonds and debentures.

They are different in the following ways. In the case of regular stocks, the company pays back using the money they make from their business. However, with securitization, the company that issues the loan doesn't have to worry about paying it back because the responsibility is passed on to a group of assets or another company. Securitization involves creating securities in a specific way to control the level of risk and rating based on the assets pooled.

You can't make that choice with regular investments. Actually, these structured securities are like a type of traditional loans. Certainly, the securities are backed by assets or a guarantee, or both, which makes them have good credit standing. Securitization vsthe process of taking assets or debts and turning them into tradable financial instruments. Factoring is the process of finding the factors of a number. At this point, it's important not to mix up the words 'securitisation' and 'factoring'. Both debts and receivables involve money that is owed, so it's important to understand the differences between them. The big differences are:

Factoring is linked to the assets of companies that make and sell products, while securitization is linked to the assets of financial companies. Factoring is mostly about helping businesses with their unpaid bills and money owed to them by customers.

Securitisation is when loans and money owed from loans, such as hire purchase finance and money owed from the government, are put into a deal. When a company factors its trade debts, it means the debts are short-term, but when it secures them, the debts can be medium or long-term. Factoring does not involve using securities to cover debts, but securitisation does. The person who sells the debt does the collecting, but it can also be done by the original lender or another company in securitization. Factoring means the risk of not getting paid is given to the factor. Under securitization, the original lender can reduce their risk by selling the loans at a lower price.

Identification Process

The financial institution that decides to sell its assets to raise money is called the 'originator'. It can be a bank or another type of institution. The person who started it all may have obtained different things they own like business loans, rental payments, and items that were bought on a payment plan. The person who started this has to choose a group of similar assets. They need to think about the time they will be paid back, the interest rates, how often they will be paid, and if they can be easily sold. The act of choosing a group of loans and money owed from the asset portfolios to be used for securitisation is known as the "identification process. After choosing the assets, they are sent to another institution to turn them into securities. This place is called the special purpose vehicle or the trust. The transaction between the person who started it and the SPV can happen in two ways: either the person sells it completely, or. Complete transfer of assets by giving something valuable in return or using them as collateral for a loan. Usually, it is sold outright. When the original owner passes their chosen assets to a SPV, it's called a transfer process. After this process is done, the assets are taken off the original owner's financial records.

Problem Solving Steps

Once the transfer is done, the SPV works hard to change these assets of different types and ages. Based on this, the SPV sells investments to people. The SPV takes a package of securities and breaks it into smaller ones to sell to investors. The SPV will get its money back from the money made from selling something. The SPV's securities have different names like Pay through Certificates, Pass through Certificates, Interest only Certificates, Principal only Certificates, and others. The securities are set up so that they mature at the same time as the loans or receivables they are based on. How to get back something you lost or regain something you did wrong.

The SPV receives money from the assets it is managing and uses it to pay back the securities and the interest on them. Usually, the person who created the debt is responsible for collecting the money owed, but sometimes a special agent can be hired to do this job instead. This agency gets a certain percentage of money for the job they do collecting money for others. The servicing agent's job is to collect payments on time from a group of assets and to keep an eye on accounts that are behind on payments. Normally, the person who started something is selected to be the one who takes care of it. So, through securitisation, the originator's role becomes like a person who collects payments for the SPV, if they are chosen to do so. A pass through certificate can be either 'with recourse' or 'without recourse' to the original holder. The usual way is to do it "without recourse". So, if you have a pass through certificate, you have to get paid by the SPV for the money you invested and the interest on the certificates. So, the SPV's main job is to organize the deal, collect money by selling certificates, and make sure investors get their interest and principal payments. The process of deciding how reliable someone is for getting credit.

Pass through certificates need to be publicly issued, so they must be rated by a good credit agency to make them more appealing and easily accepted. So, these certificates are graded by at least one credit rating agency before being securitized. External institutions like merchant bankers could also guarantee the issues.

This would make the certificates more reliable and easier for investors to accept. Certainly, this rating promise gives the investor confidence that the SPV will make its loan payments on time. Pass through certificates are like debentures and show who owns what, when they will be paid back, and how much interest they will earn. These certificates can be bought and sold before they mature so that investors can easily get their money back. They are securities that

can be bought and sold easily in the market because their prices can be changed through negotiations. Merchant bankers help companies to raise money by issuing stocks or bonds. They also provide financial advice and help with mergers and acquisitions.

Traders or financial advisors can have a big part in turning assets into securities. They usually work as a special type of vehicle. Securitisation involves a lot of different things like when to issue pass through certificates, how to set the price for selling them, and making sure the issues are underwritten properly. In private placement, they help the issuer find people who want to sell and people who want to buy. They can also help organize the problem to make sure it follows all the rules and laws for accounting, taxes, and other regulations. In all these areas, merchant bankers have an important job to do. When a well-known banker supports a business deal, it makes the deal look better to investors. So, securitisation allows merchant bankers to do more things. Other people involved in the securitisation game are the people who borrowed the money in the first place and the people who might want to invest in it. The original borrowers are the people who borrowed money from the lending institution. They are also known as obligors. Actually, the securitisation process's success relies on the people who borrowed the money in the first place. If they don't do what they promised by the deadlines, the securitisation process will be in trouble. Actually, the money from the people who borrowed it first is given to the investors. Potential investors are just regular people who want to buy the pass through certificates.

Structure for securitization/types of securities

Securitisation is when a company sells some of its assets to a special entity, which then turns them into smaller securities that can be sold to people who want to invest. The best way to secure assets depends on factors like the quality of the assets, how often borrowers don't pay, how much money is paid back over time, and how financially stable the originator is. The rule is that the securities should be set up so that they mature at the same time as the loans they are based on.Pass through certificates pay investors based on the money earned from the assets that support them. Simply put, when the SPV gets money from the original borrower, they give it to the certificate holders regularly. Eventually, the entire amount borrowed is paid back when the assets in the pool are retired. Pass through certificates have one maturity date and their term matches the lifespan of the assets they are based on.

On the other hand, pay through certificates have different maturity dates based on when the assets mature. So, they can issue two or three types of investments that come due at different times, like short, medium, and long term.

The best thing is that they can be issued in different lengths of time depending on what the investors want. This kind of investment is more appealing to investors because the profit is already included in the price of the securities. They are sold for less than their actual value, like with deep-discount bonds. Preferred stock certificates are documents that show ownership of a special type of stock in a company.

Preferred stocks are like IOUs that a company gives out to people who owe them money or have bought things from them.

These stocks come from a smaller company that belongs to a bigger company. In simple terms, subsidiary companies buy the money that other companies owe to their parent company and turn it into quick cash to help the parent company have enough money. This means that trade debts can be turned into preferred stocks and sold. Usually, these stocks are supported by promises from top-rated banks, making them appealing to investors. These tools are usually for a short period of time.

Bonds backed by assets

This kind of structure is most commonly found in mortgage backed securities. In this type, the SPV buys a bunch of mortgages from different places and puts them together based on their interest rates, when they're due, and the things that are used as guarantee for them. They are moved to a Trust, which gives mortgage certificates to the investors. These certificates are given based on the total value of the mortgages and they are short-term investments. Each person who has a certificate can get a share of the money that comes from the mortgages. The amount they get depends on how much they have invested in the certificates.

Other kinds

In addition to the ones mentioned, there are also other kinds of certificates. For Interest only certificates, investors are paid only from the interest earned on the assets. Principal only certificates means investors get paid from the money paid back by the original borrowers. These certificates allow people to make risky bets because they know that changes in interest rates will quickly change the value of the bonds. For example, the principal-only certificates would be worth more money when interest rates decrease. This is because it's a good idea to pay off old debts and borrow money at a lower price. Redeeming the securities early would help the investors a lot. In the same way, when the interest rates go up, people who have interest-only certificates can make more money because they will get more interest from the things that they own. No one can accurately predict how interest rates will change in the future. This gives speculators a lot of opportunities to take risks and try to make money.

Therefore, securitisation allows for the possibility of creating new financial products to meet different investor needs. Debt securitisation allows people and financial firms to invest in different types of investment products like mutual funds and insurance companies. As we mentioned before, not all assets can be used for securitization. For example, trade debts and receivables are usually not suitable for securitization, but they can be easily accepted by a factor. They are rarely made secure.

Advantages of securitization

Debt securitization is helpful for everyone involved, including the lender, investors, and government regulators.The person who came up with the idea gets a lot of help from securitization because it gives them more money by turning an asset that's hard to sell into money that's easy to use. As a result, the originator's cash flow gets better right away. So, it helps with having enough money available. Securitization helps banks and other financial institutions quickly get cash from their assets instead of waiting a long time. This helps more money to be used for recycling, which in turn leads to more money coming in and higher profits for the business. The money could be used again to invest in things that make more money. This means making more money. In addition, securitization allows for greater efficiency and cost savings by using existing resources more effectively and providing immediate access to cash. It leads to more sales for the business. In addition, the person who started something can also receive and make payments. If that happens, it will make more money by charging a fee for its services.

Enhancement of Capital Adequacy Ratio

Securitisation helps banks and other finance companies to increase their capital strength by reducing the amount of assets they hold. Securitisation is when a financial institution picks out a group of things it owns and sells them to another company. This other company is called SPV. When the belongings are moved, they are taken off the list of belongings of the

person or company who gave them. It leads to having less money, which makes the bank's money situation better. We can improve the capital adequacy ratio by replacing risky loans with safer assets. So, when assets are taken off the balance sheet because of a true sale, it makes the company's financial situation stronger.Credit risk means the likelihood that a borrower will not be able to pay back their loan. Spreading out credit risk means dividing the risk among different borrowers or loans. This helps reduce the impact if one borrower is unable to repay their loan.

Securitisation helps to spread out the risk of giving credit to different people involved in the process. Without securitisation, the person who started the financial transaction has to take on all the risk of the loan. Now, the person who started it can spread out the risks among different people in securitization. Therefore, securitization helps spread out the risk of loans that last a long time, which can be more risky. So, it is used as a tool to manage risks.

Reduced cost of getting money

Securitization makes it easier for companies to get money from the securities market, while also spreading out the risks. This means that companies with a poor credit score can borrow money at a lower interest rate by using asset backed securities that have a high credit rating. This helps to get money at a cheaper price. Furthermore, the standards for picking the group of belongings make sure that it is cheaper to get money. In today's situation where there isn't much money and interest rates are high, securitization can be a good way to get cheap funding.

Supplying Different Musical Tools

From an investor's perspective, securitization offers many new ways to invest money to meet the needs of different types of investors. It also has many different types of tools for other financial companies like mutual funds, insurance companies, and pension funds. providing them with lots of options.

Better profit

Securitised securities give higher returns and are easier to sell than traditional bonds and debentures. These instruments are checked by credit rating agencies and so they are more appealing. Structured asset-based securities are designed to provide more safety and give a good profit.

The investors will still get their payment even if the company goes bankrupt because it is guaranteed by another company. Without securitisation, money would just sit without being used in things like mortgages and loans in many lending institutions. Securitisation helps to recycle money by turning assets into cash, cash into assets, and assets into cash again. This is done by creating tradable securities that represent these assets. So, it encourages the creation of wealth.

More effective than regular instruments

Investors receive certificates that are backed by assets. The things the certificates are based on are used to make money to pay back the investors. It doesn't need any maintenance and so it doesn't cost much to keep. It is better than mutual fund units because it has collateral securities to back it up, while mutual fund certificates do not have this. So, these investments are structured to protect investors more. Once again, investors can see everything clearly. They can clearly see the group of things that a specific problem represents, and this openness lowers the doubt about how risky it is.

Advantages

Securitisation, when done properly, helps save money by using capital more efficiently and makes funding and lending more cost-effective. This is really helpful for the regulating authorities because their main goal is to stop money from piling up where it's not necessary. In the end, it helps the people who borrow money too. "They can get money at lower prices because the people lending the money will probably give the savings to the people borrowing it. Securitisation is a cheap and creative way to get money, which helps save capital.

CONCLUSION

The detailed parts of a Hire Purchase Agreement and sees it as a useful way to get things like cars or equipment. Businesses and people making these agreements benefit from a clear and flexible approach that fits their money situation, helping them achieve their goals of owning assets. People need to understand how Hire Purchase Agreements work if they want to use them as part of their financial plans. The abstract looks at the duties of the person renting something, and how important it is to keep it in good condition according to the rental agreement. Also, we talk about how the economy, interest rates, and termination clauses could affect the agreement. This helps us understand how everything works together. In addition, the summary talks about how assets are recorded in the financial records of both the people who rent things and the people who rent them out, in a hire purchase agreement. This understanding is very important for businesses and people to make sure their financial reports are correct and follow the rules.

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CHAPTER 12

CAUSES FOR THE UNPOPULARITY OF SECURITISATION IN INDIA

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ABSTRACT:

The factors contributing to the relative unpopularity of securitization in the Indian financial landscape, despite being a globally recognized financial instrument. Securitization, which involves pooling and repackaging financial assets into tradable securities, has not gained widespread traction in India, and this abstract aims to dissect the reasons behind this phenomenon. The abstract begins by outlining the fundamental concept of securitization and its potential benefits, such as liquidity enhancement and risk diversification. It then delves into the specific challenges and complexities unique to the Indian financial market that have impeded the adoption of securitization. One of the primary causes explored is the regulatory environment, encompassing stringent disclosure norms and legal complexities surrounding the securitization process in India. The abstract discusses how these regulatory hurdles may act as deterrents for market participants, limiting the enthusiasm for engaging in securitization transactions.

KEYWORDS:

Legal Complexities, Market Perception, Regulatory Environment, Securitisation, Stakeholder Understanding, Termination Clauses.

INTRODUCTION

For a long time, banks have mostly relied on deposits as their main way to get money. However, banks are now facing tough competition from other non-banking companies when it comes to collecting deposits. Securitization can provide money at lower costs. Unlike when you put money in the bank, this won't require any extra work or cost more money[1], [2].

Capital rules

Securitisation helps banks to have enough capital to meet the rules. Usually, businesses use the money from securitization to pay back their loans. This helps them have a good balance between the money they owe and the money they have. However, banks can only borrow a small amount. So they can use the money more effectively to make assets with lower risk. So, assets with high risk can be changed into assets with lower risk. So, it helps banks to have enough money to meet regulations[3], [4].

Creating more credit

In India, banks must set aside a lot of money in cash reserves, which means they need to have plenty of available cash at all times. This has made it harder for banks to lend money. In fact, securitisation is not impacted by these factors at all. The money from securitization can be used to grow credit without any legal limits. Increased profit means the business is making more money. Banks are making less money these days because of many reasons. In this situation, securitization helps banks make more money. It helps to have more money available, makes it easier to use money again, and saves money in the long run. This makes banks more profitable. In addition, they can make money by working as a receiving and paying agent and charging a service fee. A tool to help manage assets, liabilities, and

risks.Securitization can be used to help manage the difference between assets and liabilities. This would lessen the banks relying too much on the market for money that they can get quickly, and also on the refinancing agencies for reusing funds. Also, it can be used to manage risks. It gets rid of the risk of interest rates going up and helps banks protect themselves from this risk in the free market.

Requirements for a successful securitization deal

If we want the securitization of debt to work, we need to meet certain conditions first. In the end, securitization is successful if the person who borrowed money can pay back their loan. So, choosing the right assets to be securitized is very important and needs to be done carefully. We need to choose the assets that have the lowest risk of losing money and can provide the most protection for investors. The credit rating is very important for securitization. So, credit ratings need to be done by credit rating agencies using a fair and reliable method, and the ratings should be trusted. Investors will only feel confident if they believe in the investment. The companies that rate credit should consider different kinds of risks, like credit risk, interest risk, liquidity risk, and more. Together with other usual things. The SPV should be a different organization than the company that created it. The SPV should be separate from the parent company to keep it safe from going bankrupt.

The pass-through certificates or similar securities from securitization should be listed on stock exchanges so that investors can easily buy and sell them. It can be easily turned into cash right away and you can quickly find out its price. Another good idea is to make it easy for people to buy and sell pass-through certificates by giving two different prices, just like mutual fund units. Similar loans should have the same paperwork so that different banks can all do things the same way. It should have the ability to pass on debts to other companies, so that it can be sold or moved to a special company. Asset securitisation transactions need to be accounted for in the right way. We need to create new accounting rules for reorganizing trusts that hold securitized debt. The accounting system needs to take the securitized assets off the originator's balance sheet. Only then, the person who created something will get the real reward [5], [6].

Securitisation abroad

America came up with the idea of securitization and in 1970, they were the first to finance assets using this method. In 1970, the new Government National Mortgage Association started selling securities that were backed by a group of mortgage loans. It was then followed by government-backed mortgage organizations like Fannie Mae. These groups bought loans people take out to buy homes, put them together and made investments from them. The instruments promised to pay back the money borrowed, along with the extra payment for borrowing it. It issued securities called "Mortgage pass through securities". A bunch of mortgages were put together because they were alike in how long they lasted, the interest rate, and how good they were. The pool of mortgages was put into a trust. The trust then sold certificates based on those mortgages to investors. This could be done either directly or through private sales. So, securitisation was only used for mortgages. But in March 1985, things like car loans and credit card debt started being used to back securities in the United States. For example, The First Boston sold 192 million lease backed certificates for Sperry Lease Finance Corporation for the first time. Now many people in America use it to get money. It is starting to become popular around the world for handling different kinds of money transactions.

Securitization is becoming more popular in the United Kingdom. Also in the last few years. Similar to the United States, this idea began with bundling mortgages. Bank America Finance

Ltd. is a company that lends money to the United Kingdom. In January 1985, the company created mortgage investments using residential property mortgages as the basis. The first time mortgages were bundled and sold to investors on a global scale was in London in 1985, it was called MINI. Currently, banks and building societies are involved in this market and are monitored by the Bank of England. Countries like Italy, Australia, Canada, France, Spain, and Japan now like to use debt securitization and the debt instruments that come from it. In a lot of these countries, they have made it easier to securitize by passing certain laws. Securitisation in India means packaging different types of loans into securities that can be traded on the market.

The idea of asset securitisation is starting to be used in India. Banks and other financial companies have not started using this way to lend money to a lot of people. However, financial institutions have been slow to start using this type of financing. Citibank started to secure ICICI's money in February 1991. It was the first time they tried to do this. Assets were turned into money to raise Rs. 15After this, TELCO's hire purchase loans were turned into securities by Citibank.

In June 1992, Citibank securitized DLF International's Retail Residential Receivables. Citibank's "Citimobile Scheme" was put into a securitization process. Actually, Citibank has been the first to start this trend in India.

Now, HDFC and Citibank are both using this route. HDFC is working on protecting its housing loan portfolio worth Rs. 50Infrastructure Leasing and Financial Services has started a project by creating a special company for it. If securitisation has to become well-liked in India, the big banks need to get involved in this business. Actually, the commercial banks can take non-performing assets off their books by using this technique. They can also use the money again to make even more profit. If banks have to have more money, using securitization could help them get the money they need [7], [8].

DISCUSSION

Securitization is a new idea in the borrowing and lending market. Many people, including investors and financial middlemen, don't know a lot about this. Securitization helps banks and lenders right away, but many don't know about it or its benefits.

Expensive fees for buying property

In simple terms, securitization is when assets that are not easily sold are moved to a special agency called Special Purpose Vehicle. This transfer requires paying a lot of money for stamp duty and registration fees. These expenses are so high that it makes people not want to use this new way of financing. The process of moving assets is very complex and involves a lot of difficult legal steps that make it hard to securitize.

Trouble with assigning debts

The law allows people to give their debts to someone else, but only in specific situations. This is a key part of securitisation. So, the Transfer of Property Act should be changed to make it easier to do securitization in India.

Lack of the same loan papers

Currently, in India, there is no standard way of documenting loans. Different banks have different rules for the paperwork needed to get a loan, even for the same kind of loan. In this situation, it's very hard for a group like the Special Purpose Vehicle to put together the same types of assets from different financial companies for securitisation[9], [10].

Insufficient credit rating services

Credit rating is important for making securitisation work. Unfortunately, credit rating in India is still at a very early stage. Now, non-banking companies must get credit ratings for all the money they borrow. Currently, there are not enough credit rating agencies in India to handle the huge job of rating credit instruments for securitization. However, we have been making good progress in this area recently.

Lack of the right way to keep track of money

We need to create a good way of keeping track of money when securities are involved. Creating a Trust or Special Purpose Vehicle is necessary for securitization. However, there is no set accounting procedure for recognizing this trust. Once again, securitization allows the originator to take the securitized assets off their balance sheet. How can we deal with it? The accounting experts in our country need to develop new accounting methods for securitization[11], [12].

Lack of clear instructions or rules

Regulatory authorities have provided many rules to follow for dealing with mutual funds and non-banking companies. However, they are noticeably missing in the area of securitization. Securitisation has many steps, from figuring out which assets to use to getting the money back in the end. Different kinds of buildings are an option. So, clear rules should be made for these things. This will help financial intermediaries to do securitisation without any worries, making it easier for them. Securitisation in India has a good future because of these reasons.

With the financial markets opening up, there will be more need for money. The capital market has grown a lot and more people are investing money. New types of financial companies like mutual funds, money markets, and pension funds are now becoming part of the financial industry. Has made it easier for debt instruments to be traded in the market. Lately, debt instruments have become popular because company customers don't want to use stocks as the main way to finance their projects. A plan is being suggested to create a fund to help manage bad debts. This idea comes from the Narasimhan Committee's advice. The goal is to group and sell off assets that are not making any money. Because the rules from the Narasimhan Committee say that banks and financial institutions need to have enough money saved, they have to do securitization. The things we mentioned show that there is a big opportunity to introduce the idea of turning assets into securities on a large scale as a new way to get resources. Furthermore, it is used to help improve the financial statements by making changes in important financial ratios such as the debt-equity ratio, return on assets ratio, asset turnover ratio, and capital adequacy ratio.

There are many opportunities to secure loans for things like mortgages, home loans, other types of loans, and credit and money owed. Non-bank financial companies can easily turn lease payments and vehicle loans into securities. Financial institutions have about Rs. 70,000 crore in corporate debts that are not paid back. By securitizing at least Rs. 50,000 crore of these debts, the institutions could raise money and make more profit. Most new ideas in the finance industry help customers, but some, like factoring and securitization, help financial institutions first and then the public. The Government needs to give more help to encourage making things more secure in India.

We need to change important laws like the Transfer of Property Act, 1882 and the Registration Act 1908. To make it easier to borrow money using assets as collateral. The accounting rules should be improved, and the government should give clear instructions.

Securitisation makes it easier to move money from assets that aren't making money to assets that are more profitable. Creating new ways to borrow money will make the financial market even bigger. Overall, the economy would grow faster if more people used securitization to finance things. With lower stamp duties in many states and the National Stock Exchange allowing securitized assets to be listed, securitisation is expected to grow in India. The debt market is also expected to become more active in the near future.

Housing finance

Shelter is something everyone needs, but it costs a lot to build a home so most people can't afford it on their own. So, we really need to figure out how to give people money to build houses. But, for some reason, the Indian financial system didn't have good shelters until the late 1980s. There is not enough money available for building houses in India, and this is a big problem for the country's financial development. Recently, the government has started taking actions to close this gap.

Loans for buying a house are given as mortgage loans, which means they are given with the assurance of a piece of land or a building. In India, the companies that give people loans to buy houses are the Housing and Urban Development Corporation, Co-operative Housing finance Societies, Housing Boards in different states, central and state governments, LIC, Commercial banks, GIC, and a few private housing finance companies and nidhis. Governments lend money directly to their employees. Commercial and city co-operative banks have not been very involved in giving out mortgage loans directly until now. The LIC has given a lot of mortgage loans in different ways. It has been lending money to state governments, housing finance societies, HUDCO, and others for building houses. Also, it has been giving home loans directly to people under different mortgage plans. The National Housing Bank is a bank that focuses on providing financial services for housing.

It started in July 1988 as a top-level housing finance company and is completely owned by the RBI. It started with a total capital of Rs. 170In September 1989, the company increased its stock worth to Rs. 150In 1989-90, the company sold more bonds and raised Rs. 60 crores from investors. The government promised to pay back the money for these bonds and people who bought them would get 11. 5% interest each year. In 1989-90, the RBI approved a loan of Rs. 25 crore for it. Also, it can take a loan in the United States. The capital market is providing $50 million with a guarantee from the USAID Government programme. In 1995-96, NHB got more money to use for their work. The total amount of money they could use was raised to Rs. 300The RBI also gave Rs. 50 crore extra to NHB. So, the NHB has a lot of resources now.

Business of NHB NHB's work

According to the NHB Act, the NHB can do the following kinds of business. Helping to start and support organizations that give loans for housing; Giving money to banks and other institutions for housing projects; Buying and selling stocks, bonds, and other financial securities; Promising to pay for the costs of housing organizations; Buying and selling different types of financial instruments; Buying, selling, and trading loans that are backed by property; Moving loans to housing organizations for a fee. The NHB can sell loans to other organizations and issue debt securities. They can also set up mutual funds for housing finance and participate in mortgage insurance. They can also form companies or other groups to help with their work. They can also do research on building techniques and housing, and create programs to help poorer people find housing. They also provide guidance and help to other housing finance organizations. They work with other financial institutions to do their job. They have other powers and duties given to them by the government and the RBI. They can

also do other businesses if the government allows it. Basically, it means doing anything that is related to or comes as a result of using its powers or doing its duties under the NHB act.

Borrowing and Acceptance of Deposits

The NHB can sell bonds and borrow money from different organizations with the government's approval. It can also accept deposits and receive financial help from the RBI. Additionally, it can receive payment for its services and accept gifts or grants from the government or other sources.

The government can promise to pay back the money and interest for the bonds and loans issued by the NHB. The main goal of NHB is to help private and joint housing finance institutions at local and regional levels by giving them financial and other kinds of support. It helps banks, housing finance companies, and others to get new loans for houses. It helps SLDBs with their housing loans by buying special bonds from them. It offers full refinancing for direct loans up to Rs. 1It wants houses to not be too big. You can change your loan for 15 to 20 years. NHB approved 22 HFCs to get refinance. The NHB is making it easier for people to get loans to build houses by offering them at regular interest rates for land development projects that need to be finished in a certain amount of time, like two years. It also helps businesses that make more building materials to make building cheaper.

One of the main things it does is give loans to people so they can buy houses. To help people save for their home loan, a new flexible and convenient savings plan called Home Loan Account Scheme has been started. The plan is that people should save money before buying a house. All banks in India, including state and urban co-operative banks, are taking part in the scheme. Earlier, there was a limit of Rs. 3 lakh on the housing loan, but now that limit has been removed. However, loans above Rs. 2 lakh will be restricted to 1. 5 times the amount of money saved.

System for getting money to buy a house

Developing and using housing finance policies requires well-organized institutions. Before the mid-eighties, there were many agencies giving money to people to build houses, but there wasn't a good system that connected it to the country's main financial system. The National Housing Bank was created by the Reserve Bank of India to help with housing finance in India, which was a long-needed development in the housing finance industry. Special financial companies have helped to make the housing finance system in the country stronger. Right now, there are around 320 companies that give out loans for houses. Out of these, 26 companies are registered with the NHB and they give out 98% of all the housing loans. Below is a short description of some of the organizations.

Central and State Governments govern the country

Until the mid-eighties, the government was mostly responsible for giving people money to buy houses. The government helps with building houses. The Central Government has started different social housing programs at different times. The Central Government's role in these schemes is to provide guidance, financial help, and advice to the state governments and union territories. They set general rules and may provide money in the form of loans and subsidies. The Central Government created a corporation called the Housing and Urban Development Corporation. It will give money and work on projects to build houses and improve cities. It will also develop land for nearby towns and start a business that makes materials for building.

The Central Government gives money to HUDCO and promises to pay back the money if HUDCO cannot. In addition, the government gives money to its employees to build houses.

Both the central and state governments do this. The Central Government makes plans for housing, but it's the State Governments that carry out the plans. The organization that deals with building and city development. HUDCO was created by the government of India on April 25, 1970, to accomplish the following goals: To give money for building houses or for improving cities and towns in the country. To get money or start building new towns outside the main city. To provide money or start building materials industries. Manage the money given by the Government of India and other grants to fund housing and city development programs. To sign up for the debentures and bonds that will be issued by organizations like state housing boards, improvement trusts, and development authorities. These funds will be used to finance housing and urban development programs. Simply put, HUDCO's main task was to improve housing for people with low incomes and those who are financially struggling. The HUDCO started with an investment of Rs. 2 croreIn recent years, the Government has increased the equity base. It also got money from organizations like LIC, GIC, UTI, banks, and international help, and from people depositing their money. HUDCO helps many people in cities and countryside with different programs like housing, building roads and other infrastructure, giving advice, and providing training.

City building and road systems

HUDCO is responsible for giving money to urban projects, with help from the Ministry of Urban Development, Government of India. Infrastructure projects include things like water systems, sewage, garbage disposal, transportation hubs, buildings for businesses and community use, and roads and bridges. HUDCO wants to focus more on lending for urban infrastructure and housing. They also want to offer more ways for people to get loans, give more advice and help with projects in India and other countries, and improve technology and training programs.

Companies that provide insurance

The LIC and GIC help with building and selling houses in different ways. LIC lends money to states for their rural housing programs and to public sector companies for building staff housing. They also invest in bonds from HUDCO and state housing boards. The LIC started giving loans to people. But in June 1989, they made a new company called LIC Home Finance Ltd. to focus more on loans for houses.

The GIC mainly helps with housing by investing in bonds sold by HUDCO and state housing boards. It has also created a company that gives loans for buying houses called GIC Housing Finance Ltd. In July 1990, it was given the ability to lend money directly to people. Commercial Banks - Banks that offer services to individuals and businesses, such as checking and savings accounts, loans, and financial advice.Commercial banks started lending money to people to buy houses after a report was published about how banks can help people get money to buy homes. They have been giving loans for houses according to the amount of money the RBI allowed them to lend each year. According to the RBI rules, banks need to set aside 1. 5% of their new deposits each year to give out as loans for buying homes. 20 percent of the money has to be given as housing loans. At least half of that, which is 10 percent, has to be in rural and semi-urban areas. 30 out of 100 can go to giving loans to companies and agencies that help people buy land and build houses. The remaining 50 per cent is for subscribing to HUDCO and NHB bonds.

Local banks

The cooperative banking sector includes state cooperative banks, district central cooperative banks, and primary urban cooperative banks. In 1984, the RBI issued the first complete rules

for these banks that work together. Cooperative banks give money to people and groups who want to build affordable housing for lower-income and middle-income families.

CONCLUSION

In conclusion, we need to understand the many difficult problems that make securitization unpopular in India. To make securitization work better in India, we need to change some rules, improve the way the market works, and educate investors. This could help unlock the unused potential of securitization in India's financial system. This test gives information for people who make decisions about money and for people who study finance, to help them understand and support securitization in India. Furthermore, the summary looks at how investors perceive and understand securitization. It shows that not knowing or having wrong ideas about it might make people not like it. This means being worried about the risk of people not paying back money they borrow, how easy it is to understand the investment, and how complicated it seems. The market infrastructure is being looked at as a possible reason, especially the weak market for securitized products in India. Not having a strong trading platform could make it hard for investors to buy and sell securitized instruments easily.

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