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### **Capital Market**

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Capital market in simple words means the marketplace for future investments. These investments have a lock-in period of quite one year. Here, the buyers and sellers transact in capital market instruments like bonds, debt instruments, debentures, shares, derivative market instruments like swaps, ETFs, futures, options, etc. The primary market is additionally called "New Issue Market" where a corporation brings Initial Public Offer (IPO) to urge itself listed on the stock market for the primary time. In the primary market, the mobilisation of funds is completed through right issue, private placement and prospectus. The funds collected by the corporate within the IPO is employed for its future expansion and growth. Primary markets help the investors to place their savings into companies that are looking to expand their enterprises. The secondary market may be a sort of capital market where the securities that are already listed on the exchange are traded. The trading done on the stock market and over the counter falls under the secondary market. Examples of secondary markets in India are National stock market (NSE) and Bombay stock market (BSE). In the primary market, the prospectus is employed to boost funds. The company invites the investors and therefore the general public through a billboard referred to as the prospectus to subscribe the shares of the corporate. The shares or debentures are allotted to the general public on the idea of subscription. If the corporate receives a high subscription then allotment is completed to them on pro-rata basis. The company hires merchant bankers, brokers or underwriters to sell the shares to the general public. Some companies attempt to avoid the IPO route to boost funds because it is extremely costly. Instead, they give investment opportunity to few individuals via private placement. The structure of capital market allows the businesses in need of additional funds to first approach their current investors before watching the opposite sources for finance. The right issue gives the current investors the first opportunity to make additional investments in the company. The allotment of right shares is done on pro-rata basis. However, if the present shareholders of the corporate don't want to exercise their rights, the shares are often offered to the general public. e-IPO means Electronic Initial Public Offer. e-IPO is an agreement between the stock market and therefore the company to supply its shares to the general public through online mode. It is a fast and speedy process. The company here needs to appoint registrar to the issue and brokers to accept the application received from the public. Functions of the Capital Market. Helps within the movement of capital from the people that economize to the people that are in need of it. Assists in the financing of long term projects of the companies. Encourages investors to have the range of productive assets. Minimises the transaction cost. Helps within the faster valuation of monetary securities like debentures and shares. Creates liquidity within the market by facilitating the trading of securities within the secondary market. Offers cover against price or market risks

through the trading of derivative instruments.Helps in efficient capital allocation by way of competitive price mechanism. The above mentioned are the functions of the capital market. The capital market performs its functions with the help of buyers and sellers who interact and transact. The structure of the New Delhi market is well regulated and highly organised. The capital markets could also be sometimes termed risky because they are doing not give fixed returns annually. But when looked from an extended term perspective, their performance has always been good and rewarding for the investors. If you want to learn more about the capital market or put your savings in the capital market, you can contact IndiaNivesh Ltd.