The deposits placed with companies by investors for a fixed term for a certain rate of interest are called company fixed deposits. The rate of return offered on company fixed deposits is higher than the rate paid on bank FDs. But company FDs are unsecured. It means if the company defaults on the repayment, then the investor does not have an option to sell the documents and recover the capital. The investment in company FDs is based on credit rating given by reliable credit agencies such as Credit Rating Information and Service of India Limited.

4) Warrants

It is a security that authorises the holder to buy the underlying stock of the issuing company at a fixed price until expiry date. Warrant holders can convert their warrant certificates into equity shares of a company within a given period of time. Warrants are of two types:

a) Call Warrant: It represents a specific number of shares that can be purchased from issuer at a predetermined price within a specified period.

b) Put warrant: It refers to a certain amount of equity that can be sold back only to the issuer at a predetermined price within a specified period.

Warrants are transferable. Warrants can be issued by companies as part of a financing strategy. For example, a company might issue warrants along with bonds to make the offering more attractive to investors. If a warrant is not exercised before its expiration date, it becomes worthless, and the investor loses the initial investment made in acquiring the warrant.

5) Debentures

Long term borrowed funds of the company are known as debentures. They have a fixed rate of interest and a specified maturity. The maturity period of debentures varies between 10 to 20 years. They are usually in the form of certificate issued under the seal of the company. The certificate is an acknowledgment by the company of its debt. There are different types of debentures:

- secured and unsecured debentures,
- First mortgage and second mortgage debentures,
- Redeemable and irredeemable debentures,
- Convertible and nonconvertible debentures
- registered and unregistered debentures.

6) Mutual funds

A mutual fund is a medium of pooling resources from a large number of people for the purpose of investing in securities such as stocks, bonds and other financial assets. Mutual funds are professionally managed by the fund managers. The SEBI is the regulating authority for the mutual funds in India. The different types of mutual fund schemes include open end and close end funds, load funds and no-load funds, tax exempt and non-tax-exempt funds, etc.

7) Derivatives

A derivative is an instrument whose value is derived from the value of one or more underlying assets, which could be commodities, precious metals, currency bonds, stocks, etc. Few types of derivatives are

a) Forward: It is a customised contract between two parties to buy or sell an asset at an agreed price on a specific date in the future. These contracts are highly customizable. The two parties involved can negotiate the terms of the contract, including the size, expiration date, and other

Indian stock exchanges enforce strict disclosure norms for listed companies. These companies are required to regularly disclose financial statements, operational performance, and other material information. This transparency enhances investor confidence and allows market participants to make informed investment decisions. Both BSE and NSE have regulatory frameworks in place to ensure obedience with disclosure standards.

5) Risk Diversification

Stock exchanges in India provide investors with a platform to diversify their investment portfolios. Diversification involves spreading investments across different stocks and asset classes to mitigate risk. By facilitating the trading of a wide range of securities, Indian stock exchanges allow investors to diversify their holdings, contributing to the flexibility of investment portfolios.

6) Corporate Governance and Accountability

Listing on Indian stock exchanges comes with strict corporate governance requirements. Companies are accountable to their shareholders, and exchanges actively enforce governance standards to ensure ethical business practices. This focus on corporate governance enhances investor trust and safeguards against corporate fraud and mismanagement.

7) Facilitating Foreign Investment

Indian stock exchanges play a crucial role in attracting foreign investment. Foreign institutional investors (FIIs) and foreign portfolio investors (FPIs) actively participate in the Indian equity markets. The regulatory framework set by the exchanges ensures a transparent and accessible environment for foreign investors contributing to capital inflows.

8) Investor Education and Protection

Stock exchanges in India are actively involved in investor education initiatives. They conduct awareness programs, seminars, and workshops to educate investors about market dynamics, risks, and investment strategies. Additionally, regulatory frameworks are in place to protect the interests of retail investors, ensuring fair treatment and transparency.