



**RAMA**  
**UNIVERSITY**

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**FACULTY OF COMMERCE AND MANAGEMENT**

**COURSE: BBA (DM)**

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# Types of Capital Markets :



## PRIMARY MARKET :

A market where the issuers access the prospective investors directly for funds required by them either for expansion or for meeting the working capital needs. This process is called disintermediation where the funds flow directly from investors to issuers.

The primary market is also called new issue market.



# Features of Primary Market:

This is the market for new long term capital. The primary market is the market where the securities are sold for the first time. Therefore it is also called **New Issue Market (NIM)**.

In a primary issue, the securities are issued by the company **directly to investors**.

The company receives the money and issue new security certificates to the investors.

# Features of Primary Market:.....

- Primary issues are used by companies for the purpose of setting up new business or for expanding or modernizing the existing business.
- The primary market performs the crucial function of facilitating capital formation in the economy.
- The new issue market does not include certain other sources of new long term external finance, such as loans from financial institutions. Borrowers in the new issue market may be raising capital for converting private capital into public capital; this is known as 'going public'.



# Methods of raising capital in the Primary Market:

Public issue

Private placement

Euro issues

Government securities

Offer for sale

Right issue

Electronic initial public offering