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An Introduction to the Indian Stock Market

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A B S T R A C T

The Stock market is one of the most energizing sector in the economy is an important one contribution to economic development. Stock market is a place where buyers and sellers live enter into transaction to purchases shares and bounds, etf. Stock market act as indicator which is used to measures Indian Economics development

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1. Introduction

Stock Market: A stock market is the place where shares of a listed company are bought and sold. A share is a portion. And a market is a place where you can buy or sell something. Therefore, literally, the stock market is the share capital of a listed company. We have two major stock exchanges in India, the Bombay Stock Exchange (BSE) and the National Stock Exchange (NSE). The stock market is a market where shares of a very small company are bought and sold. It is a market where some people make a lot of money or lose a lot of money. To buy shares of any company is to become a shareholder of that company. You become the owner of that company with a certain percentage of the amount you invest. This means that if the company makes a profit in the future, you will get double the amount you invested, and if it makes a loss, you will not get a single penny, which means you will lose completely.

Stock Market is divided into two parts:

1) Primary Market

- IPO vs Seasoned Issues
- Pricing of issues
- Fixed pricing
- Book building
- Public offer vs Private placement
- Demat issues

2) Secondary Market

- Trading
- Clearing Settlement

Types of Trading:

1) **Intraday Trading:** Trades completed in one day are called Intra-day Trading. In intra-day trading, stocks are bought and sold on the same day.

2) **Scalper Trading:** Trades that are sold within minutes of purchase are called Scalper Trading. In this, shares are bought and sold immediately in 5 to 10 minutes.

3) **Swing Trading:** In this the trading process is completed in a few days, weeks or months. After buying a stock, investors keep it with you for a period of weeks or months. After that, they wait for the stock price to rise and if the right price comes, they sell the stock and make a profit. People consider the stock market a dangerous game.

4) **Long term Trading :** Traders but the shares and hold for long period of time it's called Long term trading

5) **Option Trading & Future Trading :** Its Derivative Trading

Demat Account:

1) To buy shares in the stock market, you need to create a Demat account. There are two types of this, the first type you can go to the broker and the broker and open a Demat account.

2) Your shares are kept in a Demat account as you deposit your money in any bank. If you are going to invest in the stock market, you need to Demat account, Because after the company acquires, all the money you earn will go into the Demat account. You can then transfer money to your savings account.

4) To open a Demat account, you need to have a savings account at any bank. And a copy of the pan card and address proof is required to obtain proof.

5) Demat Account services are available at various Depositories. CDSL (Central Depository Service Limited), NSDL (National Securities Depository Limited) are two Depositories in India. These are working through various intermediaries.

Types of Shares:

Shares divided into 3 main categories:

1) **Common Shares -** Anyone can buy and sell if needed.
2) **Bonus Shares** - When a company makes a good profit and the company wants to give some of it to its shareholders.
3) **Preferred Shares** - These shares are brought by the company to certain people. When a company needs a profession and wants to raise some money from the market, the shares they issue give the first right to those particular people to buy. Like employees working in a company, such shares are considered very safe

Important Term:

NIFTY:

NIFTY is the average of the top 50 organizations listed on the NSE. Many companies are listed on the NSE [National Stock of Exchange]. The price of NIFTY depends at the upward push and fall of those 50 companies. A form of common… NIFTY consists of giants in numerous sectors. If those 50 companies do no longer have a everlasting club, they are changed. As the shares of businesses in various sectors are commonly in NIFTY, the upward push or fall of this index is visible as connected to the Indian economy. This is, if NIFTY is developing, then numerous sectors and corporations are growing nicely and the alternative is progressing. The NIFTY index is currently trading above 10000.

SENSEX :

Sensex is an index simply as NIFTY is an index. SENSEX i.e. sensitive Index etc. it is also known as BSE 30. The SENSEX index of the top 30 financially properly mounted groups is indexed on the BSE [Bombay Stock of Exchange]. Those 30 corporations are selected on the basis in their market capitalization, volume, etc.

Types of Market Cap Shares:

If the market capitalization of a company is less than Rs 1 billion, it is called **Small Cap.** Companies that are in the early stages are counted in the small cap. These stocks have a lot of volatility. Due to low capital, their growth rate is very fast. For example - AVANTI FEEDS,TRIDENT , MCX INDIA ,CEAT

If the market capitalization of a company is 2B to 10B crore, it is called **Mid Cap.** The capital of these companies is neither small nor large, but they have the potential to become Large Cap. For example – ATGL , ADANI PORT

Companies with HUGE market cap are called Large Cap. Not all **Large Caps** are Large Caps from the beginning, but some have traveled from Small Cap to Mid Cap. For example, Large Cap - TCS, Maruti Suzuki, ITC.

Share Market Basic Concept:

Stop loss:

Stop loss is a buy or sell order which gets triggered automatically, once te stock reaches a certain price. The main purpose is to limit the loss on a security (buy or sell) position. A Stop order to sell becomes a market order when the item is offered at or below the specified price.

Broker :

Broker is a registered investment advisor affiliated with a firm . Broker are the link between investors and the stock market. Broker is responsible for the purchase or sale of listed stock, the investment adviser does not own the securities but acts as agent for the buyers and seller and charges a commission for these services.

Bear market:

A marketing in which shares prices are falling, Encouraging Selling.

Bull Market :

Bull market is a market in which stock prices are rising

Dividend:

It is a sum of money paid regularly (typically annually) by a company to its shareholders out of its profit Dividend is a distribution of portion of company profit: it is decided by the board of directors of a company: it can be issue as cash , shares or others:

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