



STOCK MARKET

Basics to Advanced



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BASICS OF STOCK MARKET

What is Investment?

The Money you earn is partially spend for all your daily needs and the rest of the money is saved for future needs, expenses or growth.

The rest of the money (savings) keeping idle is not investment. But putting those money on any physical assets or financial assets. So that the saved money is multiplied or it is growing without our daily intervention and also continue our routine work.

So, putting our saved money to grow itself without staying idle is called investment.

Physical Assets:

Anything purchased for money and return you get a physical product or items. Then such item/product is called physical asset.

Types:

Real Estate (Land or Property)

Jewellery (Gold, Silver, Diamond, etc)

Commodity (Rice, wheat, cotton, metals, etc)

Financial Assets:

Anything you have purchased by paying money with any financial institution and in return you don't get any physical products but will get a document in dematerialized form.

As and when you submit is again for closure, you get the money back along with the interest/profit benefit accrued.

Types:

Fixed or Recurring Deposits

Mutual Funds,

Life Insurance

Post Office Savings

Public Provident Fund

Bonds

Stock Market equities



Difference between Physical Asset and Financial Asset Investment

Physical Asset investment	Financial Asset investment
You need more money for purchasing.	You don't need huge cash or money and can start even with a minimum of Rs 100/-
You cannot liquidate quickly. It takes time to sell a property or business.	You can sell or close at any point of time very easily.
It will consume more time.	It requires a very minimal time.
The charges are more	The charges are very low or sometimes NIL.

Three Golden rules for all investors:

1. *Invest at the right time.*
2. *Invest regularly.*
3. *Invest for long term and not for short term.*

Research studies have proved that investments in some shares or equities with a longer tenure of investment have outperformed and have yielded far superior returns than any other investment.

Now let us know,

What are Shares?

Why companies need to issue shares to Public?

What is Stock Market?

Most companies are usually started privately by their promoter(s) capital and by the borrowings from banks and financial institutions.

So, they acquire some share of the company according to their share capital. Which means they get same share of the profit/loss as the company performs.

However, those capital may not be sufficient for setting up or running the business over long term. So, companies invite the public to contribute towards the equity and issue shares to the individual investors.

The way to invite share capital from the public is through a **“Public Issue”**. Simply stated, ***a public issue is an Offer*** to the public to subscribe to the share capital of a company. Once this is done, the company allots shares to the applicants as per the prescribed rules and

regulations laid down by SEBI. ***This process of offer issue to the public for the first time (initial) by a company is called Initial Public Offer (IPO).***

Before entering the market, as per SEBI rules and regulations a detailed company evaluation is done and the total capital of the company is reached. The share capital of the promoters is divided into the number of equities called shares. Now each share is fixed with a price as per the total company capital. The promoters will be allotted the number of shares as per their share in the company.

Now as per the requirement of funds for the company, the shares are being allotted to the public through the process of IPO. The promoters who were having share in the company will now have their investment in the form shares. They can now sell shares to decrease their share or buy shares to increase their share.

So public or individual can also become a shareholder of the company by purchasing any number of shares.

Primary Market	Secondary Market
The market where company offer for sale of new securities/shares through a channel is called Primary Market.	The market where the securities/shares are traded after being initially offered to the public in the primary market or listed in the stock exchange. Majority of trading is done in the secondary market.

Important Terms: IPO – Initial Public Offer