Stock Market and Share Trading

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I. INTRODUCTION

The market in which shares of publicly held companies are issued and traded either through exchanges or over-the-counter markets. It is also termed as Equity market. A Stock market is a place where stocks, bonds, options and futures, and commodities are traded. A stock exchange is a place to trade stocks. Companies may want to get their stock listed on a stock exchange. Other stocks may be traded "over the counter", that is, through a dealer. A large company will usually have its stock listed on many exchanges across the world. A stock exchange is a place to trade stocks. Companies may want to get their stock listed on a stock exchange. Other stocks may be traded "over the counter", that is, through a dealer. A large company will usually have its stock listed on many exchanges across the world. The shares that are more in demand goes up in price and those that are low in demand goes down.

II. SHARE MARKET BASIS

A bond is a means of investing money by lending money to others. When you invest in bonds, the bond you buy will show the amount of money being borrowed , the interest rate that the borrower has to pay, the interest payments, and the deadline for paying the money back.

Stocks, also known as Equities, are shares in a company. It is the certificate of ownership of a corporation. In simple terms, when you invest in a company's stock or buy its shares, you own part of a company. Thus, as a stockholder, you share a portion of the profit the company may make, as well as a portion of the loss a company may take. As the company keeps doing better, your stocks will increase in value and yield higher dividends.

Dividend, A sum of money, determined by a company's directors, paid to shareholders of a corporation out of its earnings.

Trade in stock markets means agreeing on a price in which both parties (buyer and seller) agree to deal for a product, in this case, the transaction of "shares" which represent an equity or ownership interest in a particular company. Participants in the stock market range from small individual stock investors to larger hedge fund traders investors, who can be based anywhere in the world. Their orders usually end up with a professional at a stock exchange, who executes the order of buying or selling.

When you own a share of stock, you are a part owner in the company with a claim on every asset and every penny in earnings. Individual stock buyers rarely think like owners, and it's not as if they actually have a say in how things are done. it's that ownership structure that gives a stock its value. If stockowners didn't have a claim on earnings, then stock certificates would be worth no more than the paper they're printed on. As a company's earnings improve, investors are willing to pay more for the stock.

The price of a share at any given stage is dictated by supply and demand within the market, and rises or falls every time a share is bought or sold. This effectively means that shares are priced by the collective will and attitudes of the market, comprised of all the traders and investment houses that actively trade in those securities. Stock markets generally trade over a set duration of hours, usually reflecting the working day in their particular region, allowing the zealous trader to trade different markets round the clock - from London to New York to Tokyo - while affording those companies so listed to raise capital in the form of initial share issues to the market. As a result, the markets operate on a slick basis almost around the clock, bringing together buyers and sellers of securities and giving businesses and governments a free, unadulterated bellwether for the economic and commercial outlook of a given sector, industry or economy.

III. HISTORY OF STOCK MARKET IN INDIA

In 1854, trading in India got a permanent address, Dalal Street, now termed with the oldest stock Exchange in Asia, The Bombay Stock Exchange. Goes back to over 130 years, BSE was the first stock exchange in the country to be granted permanent recognition under the Securities Contract Regulation Act, 1956. After India gained independence, the BSE formulated a comprehensive set of guidelines adopted by the Indian Capital markets. The trading scenario in India then underwent a paradigm shift in 1993, when NSE or National Stock Exchange was recognized as a Stock Exchange. Within just a few years, trading on both the exchanges shifted from an open outcry system to an automated trading environment.

Today, the Indian Securities market successfully keeps pace with its global counterparts through the use of modern day technology.

IV. INTRODUCTION TO SEBI

The Government of India established the Securities and Exchange Board of India, the regulatory body of stock markets in 1988. SEBI became an autonomous body through the SEBI Act passed in 1992, with defined responsibilities that cover both development & regulation of the market while also giving the board independent powers. Comprehensive regulatory measures introduced by SEBI ensured that end investors benefited from safe and transparent dealings in securities. SEBI was established to get the following goals: protect the interests of investors in securities, promote the development of Securities Market and to regulate the Securities Market.

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