



Newcomer to share market

What is Share and Share market?

What is share?

The public limited companies have shares. A Share represents an ownership in a Company. For example - If you buy a share of any company then you are the owner of that company. "The ownership depends on the number of shares you hold or the percentage of shares you hold". A founder, chairman or board of directors hold, mostly, majority of the shares of the Company so they are considered as major decision makers.

What is Share market?

The general term 'market' is the place where buying and selling takes place likewise Share market is the place where the buying and selling of shares take place.

Note - Now a days due to revolution of internet and computer the buying and selling of shares can be done from anywhere in the world with the help if computer and internet connection.

Some facts about share market

- i) Share market can be considered as business or job, either part time or full time job.
- ii) Its all about learning and experience.
- iii) It requires consistency in learning.
- iv) Requires full dedication
- v) Don't misunderstand that Share market will make you millionaire in one night.

What Share market is not ?

- i) Overnight rich scheme or business.
- ii) It is not a magic or quick money maker.
- iii) It is not for seasonal earning but once experienced can make it seasonal activity.
- iv) It is not for them who totally want to depend on tips.

What is investing and who is the Investor?

Basically there are two types of people in share market - Investor and Trader

who is Investor?

A person who invests his/her money in company's performance to get good returns during long term is called as Investor. Investor buy shares of the company that he feel is having good business and fundamental and in next couple of years the share price of the company would go up and provide good returns.

Facts about Investing/Investor) Investing doesn't require you to be in front of the market throughout the day. At the same time it is always advantageous to keep self updated with market happenings.



ii) As the investing doesn't require you to be in front of the day whole day, the investing can be considered as part time job or part time business.

iii) Investing can be done from 6 months to couple of years like 5 years, 10 years, 15 years and even for 20 years.

iv) Please note that "Our Indian History" shows that investing in share market for long years have always provided excellent returns compared to any other investment option. So people knowing this fact stay invested in share market for long term and get benefited.

No any other investing method provides returns that can be matched with share market returns during longer period.

Example of Investing

Investing in new company or high debt (loan) company

Analysis is required to invest in such companies. During initial years/months the share price may not increase but once the company starts making profits the share price would increase. It has been seen hat in first 2 to 3 years the share price may not rise but in 4th or 5th year the stock would provide excellent returns (may be around 2 to 4 times returns).

Risk - If you do invest in companies without analysis and knowledge then it is risky. If you buy shares of the company having strong fundamentals and stay invested for 2 to 5 years then definitely it would provide excellent returns. It is risky to buy shares of the company without studying the company.

What is Trading and who is the Trader? The mean of trading is buying and selling and share trading means buying and selling of shares.

Who is the trader?

i) Trader who does buying and selling of shares is called as share trader.

ii) Trader do buying and selling of shares without concern of company's performance rather they do technical analysis and opportunity finder.

iii) Trader is not interested to know how well the company is doing.

iv) Trader's are basically opportunity finder - Opportunity can be of any good news or bad news or any government declaration or any company's announcement, any opportunity that makes the movement in the share price interests traders and they take respective positions in that particular share.

v) Traders keep themselves updated all the time and hence the trading has considered as full time business/job.



vi) Trader do very frequent buying and selling of shares on daily basis, weekly basis and on monthly basis

Risks Involved -

Trading involves very high risk and it can wipe out all the money/capital.

So basically we advice, to first learn and do paper trading practice and if you get success in paper trading then go for real trading with money.

Trading involves very high risk and hence provides high returns in small span of time. Please note - We have posted various trading strategies, methods, techniques including stock picking patterns for all types of traders on our website.

Precaution for trading –

Trading requires lots of market knowledge and experience so we do not recommend trading for new comers.

We daily receive lots of email from new comers that they have made huge losses in trading. So we always recommend learning and then do paper trading practice before actual starting trading with money.

What you want to do?

It is always advisable to plan and then act. Decide based on your availabilities whether you want to become investor, trader or both.

i) If you can spend entire day in front of the market and ready to take risk then trading can be selected because trading involves big risk and can wipe out all your money. For new comers it is required to spend 6 to 8 hours for market. So while trading, investing can also be done because investing is not all daily activity.

ii) Investment - If you can't provide more than 6 to 8 hours in a day to market then better you prefer investing in shares instead of trading. So if you are working professional and want to have part time job or side business then investing in shares would be preferred.

So selection of method to enter into share market is totally depends on you and your ability to provide time and ready to take level of risk. Investing has low risk and trading has high risk.

Warning Message

As every business carries the risk likewise the share market also carries risk.