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COURSE

Stock Market Basics for Beginners

14 lessons on how the Indian share market works: demat accounts, exchanges, indices, reading a company, mutual funds, risk and a practice journal. Learning only, no tips.

MADE FOR

First-time investors, salaried people and students who want to understand the market before putting money in.

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How to use this course

This course explains how the Indian stock market works, in plain words. It does **not** recommend any stock, fund or trade, and it does not promise returns. It helps you understand what you are doing, ask better questions and avoid common mistakes.

IMPORTANT

Investing in shares carries risk, including the loss of money you invest. Past returns do not guarantee future returns. This course is for education only and is not investment advice. For personal advice, speak to a SEBI-registered investment adviser.

How to use it

Read one lesson a day. The workbook *Stock_Market_Practice_Journal.xlsx* has a paper-trading journal (practise without real money), a SIP calculator, a goal planner and a company checklist.

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Key words

MODULE 1

How the market works

1. What a share is

A company divides its ownership into small parts called **shares**. If a company has 1 crore shares and you own 100, you own a tiny part of it. You can make money in two ways: the share price rises (**capital gain**) or the company pays part of its profit (**dividend**). The price can also fall.

Companies list their shares on a **stock exchange** through an IPO (initial public offer). After that, shares are bought and sold between investors on the exchange.

2. NSE, BSE, SEBI and the Sensex and Nifty

- **NSE** (National Stock Exchange) and **BSE** (BSE Ltd, earlier Bombay Stock Exchange) are India's main stock exchanges.
- **SEBI** (Securities and Exchange Board of India) is the regulator. It makes rules to protect investors.
- **Indices** track a group of shares. **Nifty 50** tracks 50 large companies on NSE. **Sensex** tracks 30 large companies on BSE. When people say "the market went up 1%", they usually mean one of these.
- **Brokers** (registered with SEBI) give you the platform to buy and sell.
- **Depositories** (NSDL and CDSL) hold your shares electronically.

3. Demat and trading accounts

You need two accounts, usually opened together with a broker: - **Demat account:** holds your shares, like a bank account holds money. - **Trading account:** used to place buy and sell orders.

To open them you need PAN, Aadhaar, a bank account and a selfie or video check (KYC). Compare brokers on charges, the app's ease of use and customer service. Check that the broker is registered with SEBI.

KEEP YOUR LOGIN SAFE

Use the broker's official app, turn on two-factor login and never share OTPs. Ignore anyone on WhatsApp or Telegram who offers "sure-shot tips" or asks you to trade through them.

4. Placing an order

- **Market order:** buys or sells at the current price.
- **Limit order:** buys or sells only at your price or better.
- **Delivery (CNC):** you buy and hold the shares in your demat. This is investing.
- **Intraday (MIS):** you buy and sell on the same day. This is trading, it is risky and most beginners lose money doing it.
- **Stop-loss:** an order to sell if the price falls to a level you set, to limit loss.

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You have read the free preview of Stock Market Basics Course

Understand how the Indian share market works before you invest: demat accounts, exchanges, Nifty and Sensex, orders, simple ratios, mutual funds, SIPs, risk and scams, with a paper-trading journal.

- Course book: 14 lessons in 4 modules, PDF
- Paper trading journal: Practise without real money
- SIP and goal calculators: With assumed, editable return rates
- Company checklist: Questions to read an annual report

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