WEALTH ACUMEN

STOCK MARKET
BTS
(BEHIND THE SCENES)

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Wealth Acumen

ABOUT THIS BOOK

This book is written to help you understand how the stock market works behind the scenes.

Most people know how to buy and sell shares, but very few know what happens after placing an order — who processes it, how the shares are transferred, and how the money gets settled.

In this book, you will learn:

- Who are the main players in the stock market like stock exchanges, brokers, depositories, clearing corporations, and registrars
- How they are all linked together to complete every trade
- Step-by-step explanation of what happens from the moment you place an order to when shares appear in your Demat account
- How the settlement process works in India and who ensures that your trade is safe and successful

Everything is explained in simple words with real-life examples and easy diagrams to make sure even beginners can understand.

By the end of this book, you will have a clear picture of the entire stock market ecosystem — making you a more confident and informed investor or trader.

DISCLAIMER

This book is for educational and informational purposes only.

It is designed to help readers understand the structure and functioning of the stock market ecosystem. The content provided does not constitute financial, investment, legal, or tax advice. This eBook has been created with the assistance of AI-based tools for drafting, structuring, and simplifying content.

Readers are advised to consult with a qualified financial advisor or professional before making any investment decisions.

While every effort has been made to ensure the accuracy of the information, the author and publisher do not guarantee the completeness or timeliness of the content and are not responsible for any losses or damages arising directly or indirectly from the use of this book.

Stock market investments are subject to market risks. Please read all related documents carefully before investing.

ACKNOWLEDGEMENT

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Special thanks to my mentors and professional peers who provided valuable feedback and guidance throughout the writing process.

Lastly, to every reader who picks up this book with the desire to learn and grow—I acknowledge you with gratitude. This book is for you.

ABOUT WEALTH ACUMEN

Wealth Acumen is a one-stop platform for financial education and investment solutions. We aim to simplify mutual funds, stock markets, and personal finance for beginners while also offering practical investment services through our partnership with Angel One.

Whether you are looking to learn or invest, we guide you with clear insights, expert support, and trusted tools—helping you grow your wealth with confidence.

WEALTH ACUMEN

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THE FOUNDATION

1.1 Where It All Began

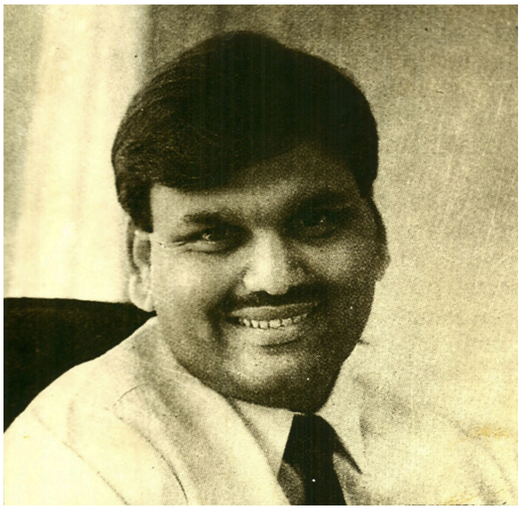
The stock market in India started much before independence in the 1800s. A small group of 22 stockbrokers would meet under a banyan tree in Bombay (now Mumbai) to trade shares. That was the humble beginning of what would later become the Bombay Stock Exchange (BSE).

In 1875, these brokers formed an official group called the Native Share and Stock Brokers' Association, which we now know as the BSE — making it Asia's oldest stock exchange.

1.2 The Early Days (Pre-1990s)

- In those days, everything was done manually — buying and selling was done using paper, and trades were settled after many days.
- There was no online system, and only a few people, mostly rich businessmen, invested in the stock market.
- Scams and manipulation were common because there were no strict rules.

The 1992 Turning Point: Harshad Mehta Scam



The Harshad Mehta scam in 1992 shook the entire stock market system. It showed how weak and outdated the system was.

As a result, the government took serious action:

- A new watchdog called SEBI (Securities and Exchange Board of India) became more powerful.
- It brought rules and regulations to protect investors.

New Age Begins: NSE and Technology

In 1994, the National Stock Exchange (NSE) was launched. It was the first fully electronic stock exchange in India.

This changed everything:

- No need for paper-based trades.
- Buyers and sellers could trade online, from anywhere in the country.
- Trading became faster, safer, and more transparent.

This made the stock market accessible to common people — not just big traders.

Demat Account: No More Paper Shares

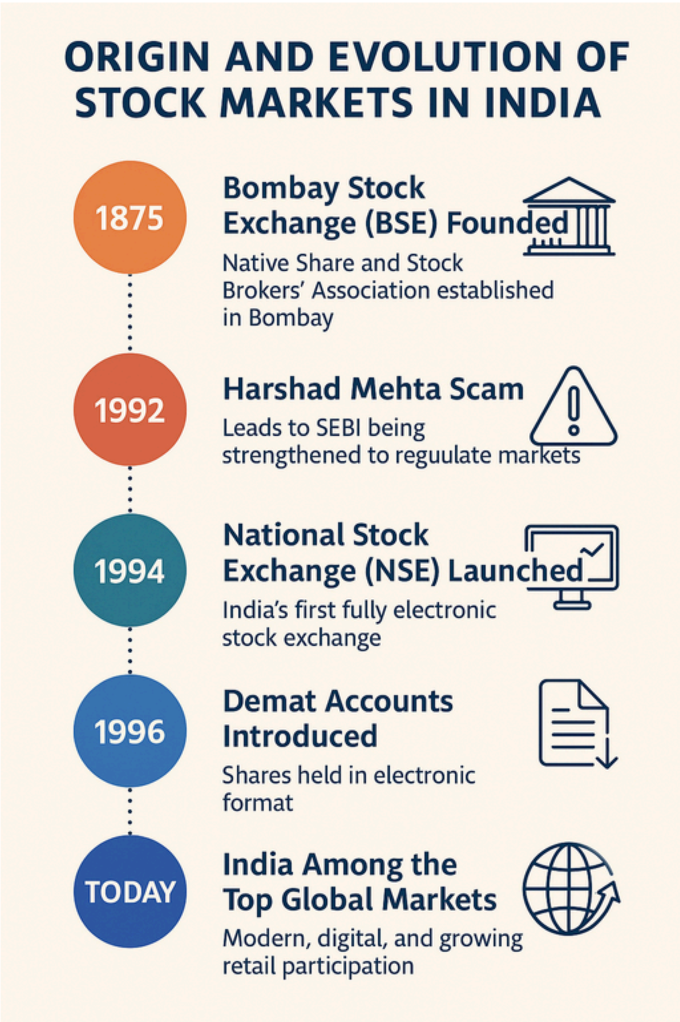
Earlier, people used to hold physical share certificates — which could get lost, stolen, or damaged.

In 1996, Demat accounts were introduced. Now, shares are stored digitally, just like money in a bank account. This made investing much easier and safer.

Modern Era: Fast, Digital, and Global

Today, India's stock market is one of the largest in the world. Here's what it looks like now:

- Anyone can invest using mobile apps.
- Stock market is regulated by SEBI to ensure fairness.
- There are thousands of listed companies on NSE and BSE.
- Investment options include stocks, mutual funds, ETFs, and more.
- Retail participation (common people investing) is growing rapidly.



Purpose of the Stock Market The stock market is like a meeting place for two types of people:

- Businesses that need money to grow
- Investors who have money and want to earn returns

It connects these two through a system that is regulated, transparent, and efficient.

✅ 1. Helps Companies Raise Money

When companies want to expand, launch new products, or reduce debt, they need funds. Instead of taking loans, they can sell shares to the public through the stock market (via an IPO). This gives them access to long-term capital without paying interest.

✅ 2. Gives Investors Ownership and Returns

When you buy a company's share, you become a part-owner. If the company does well, you can earn:

- Dividends (a part of the profit)
- Capital gains (if the share price goes up)

It allows people to grow their money over time by investing wisely.

✅3. Creates Liquidity for Investors

The stock market gives you the ability to buy or sell shares at any time during market hours. This liquidity means you're not locked in — you can exit your investment when needed.

✅ 4. Helps Discover Fair Prices

Through daily buying and selling, the market helps determine the real value of a company's shares. This is called price discovery — driven by demand, supply, performance, and news.

✅ 5. Supports the Economy

- Funds raised in the stock market help companies grow.
- Growing companies create jobs, pay taxes, and boost the economy.
- A healthy stock market reflects and supports economic development.

6. Offers Investment Opportunities to Everyone

From large institutions to everyday people, the stock market allows anyone with a Demat account to invest. This promotes financial inclusion and encourages a savings culture.

7. Regulated for Investor Protection

In India, SEBI (Securities and Exchange Board of India) ensures that everything runs fairly:

- Prevents fraud and insider trading
- Ensures transparency
- Protects small investors

Primary Market vs Secondary Market

🔷 Primary Market – Where Shares Are Born

The primary market is where a company sells its shares to the public for the first time to raise money.

This happens through an Initial Public Offering (IPO).

✅ Key Features:

- Company issues new shares.
- Money goes directly to the company.
- Investors become initial shareholders.
- SEBI and stock exchanges regulate the entire process.

🧾 Example:

When LIC launched its IPO, it sold new shares to the public through the primary market to raise capital.

In Simple Words:

Primary market is like a company's first sale of goods.

Secondary market is where second-hand trading of those goods happens between buyers and sellers.

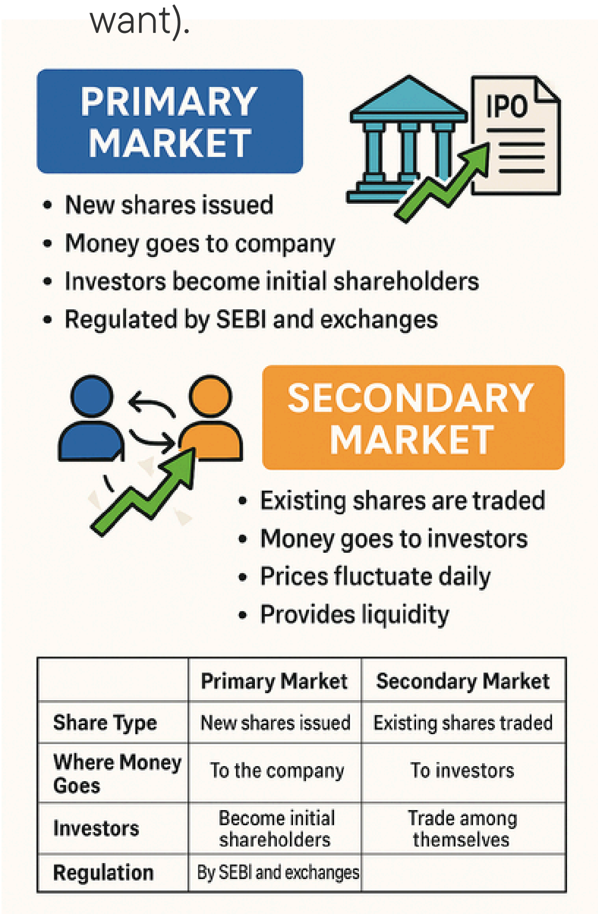
🔶 Secondary Market – Where Shares Are Traded

Once shares are listed on the stock exchange (after the IPO), they start trading in the secondary market.

This is where investors buy and sell existing shares among themselves.

✅ Key Features:

- No new shares are issued.
- Money goes from one investor to another, not to the company.
- Prices change daily based on demand and supply.
- This market provides liquidity (you can sell whenever you want).



	Primary Market	Secondary Market
Share Type	New shares issued	Existing shares traded
Where Money Goes	To the company	To investors
Investors	Become initial shareholders	Trade among themselves
Regulation	By SEBI and exchanges	

THE IPO PROCESS

How Does an IPO Work?

🔹 1. What is an IPO?

IPO = Initial Public Offering

It means a company is selling its shares to the public for the first time to raise money.

🧠 Think of it like this:

A small business wants to grow, open more branches, and become bigger but they don't want a loan. So they say, "We'll sell part of our company to the public, and in return, they'll get ownership (shares) and we'll get funds to grow."

🔹 2. Why Does a Company Launch an IPO?

To raise money for:

- Business expansion
- Launching new products
- Reducing debt
- Building a brand

🧾 Example:

When Zomato launched its IPO, it used the money to expand its delivery network and invest in technology.

🔹 3. Appointing Investment Bankers

The company hires experts called investment bankers (also called lead managers).

They help with:

- Paperwork
- Setting the price of shares
- Promoting the IPO to big investors

💡 Think of them as wedding planners — they organize everything from guest list to food to music

🔹 4. Filing with SEBI

The company files a document called DRHP (Draft Red Herring Prospectus) with SEBI.

This document tells everything about the company — its business, profits, risks, and how it plans to use the IPO money.

📄 DRHP = Company's full biodata

SEBI checks it to make sure everything is fair and transparent.

🔹 5. Fixing the Price Band

The company and bankers decide a price band for the shares (e.g., ₹72–₹76).

Investors can bid within this range.

🎯 Example:

If the price band is ₹72–₹76, you can place your bid at ₹74 or ₹76 depending on your interest.

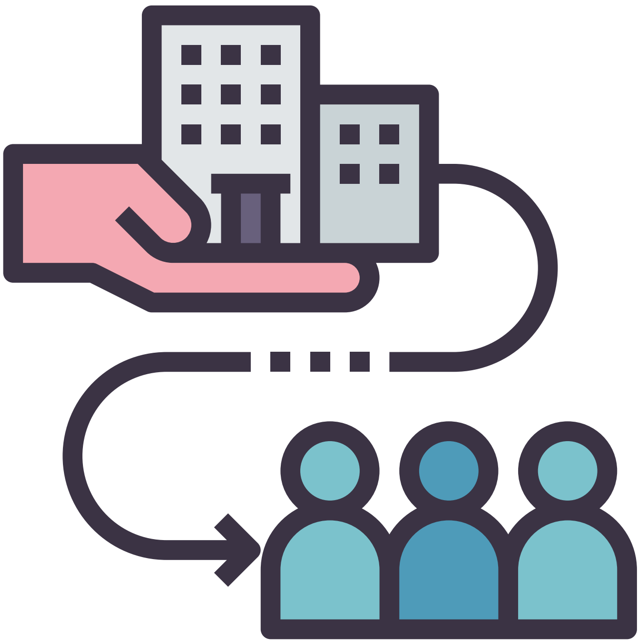
🔹 6. Opening the IPO for Public

The IPO is open for 3 working days.

You can apply using your Demat account and UPI.

- Big investors (like LIC, FIIs)
- Small investors (like you and me)

All can apply during this period.



🔹 7. IPO Allotment

Once the IPO closes:

- Shares are allotted if demand and supply match.
- If more people apply than available shares, lottery system is used.

🧾 Example:

You apply for 1 lot of 100 shares, but 10 people applied for every 1 lot — now allotment depends on luck.

🔹 8. Listing on Stock Exchange

After allotment, the shares are listed on BSE/NSE.

Now, you can buy or sell them in the secondary market.

- If demand is high, price goes up
- If interest is low, price may fall

📈 Example:

Zomato IPO price was ₹76. On listing day, it went up to ₹125! People made instant profits.

🎬 Behind the Scenes of Listing Day

Listing Day is like the grand opening ceremony for a company in the stock market. It's the first time the public can buy and sell the company's shares on the stock exchange (like NSE or BSE).

🔹 1. Final Share Price is Decided (Before Listing Day)

After the IPO closes, the system checks all bids and decides a final price — this is called the listing price or issue price (e.g., ₹100 per share).

🔹 2. Shares Are Credited to Demat Accounts

Before listing day, all successful applicants get shares in their Demat accounts.

Unsuccessful applicants get their money refunded.

Now, everyone is waiting to see how the stock performs.

🔹 3. Exchanges Prepare for the Big Day

On the day of listing:

- NSE and BSE systems run special pre-market sessions (from 9:00 AM to 9:45 AM).
- A process called price discovery happens to find the best opening price.

🧠 Price Discovery =

Finding the right opening price based on demand and supply from buyers and sellers.

🔹 4. The Bell Rings: Company Gets Listed!

At 10:00 AM, the company officially starts trading on the exchange.

This is called listing.

Usually, there's also a ceremony held at the stock exchange where:

- The company's CEO rings the listing bell 🎉
- Media covers it live
- The company celebrates its entry into the public market

🔷 5. Share Price Starts Moving
From the moment trading begins:

- Buyers and sellers place orders
- The share price moves up or down based on demand

Example:

- If lots of people want to buy, the price goes up
- If many people want to sell, the price goes down

🔷 6. Traders and Investors React Fast

- Some IPO investors may sell immediately to book profit.
- Some long-term investors hold the stock.
- Traders keep an eye on volumes, charts, and price action.

This is why the first hour is very volatile.

🔷 7. Media & Analysts Track the Movement
Business news channels like CNBC, ET Now, and MoneyControl:

- Show live price updates
- Interview the company's top management
- Share expert views on the listing performance

🔷 8. First Day Closing Price = Market Verdict
The price at which the stock closes on Day 1 shows:

- Whether the IPO was a success (if it closes higher)
- Or investors were not impressed (if it falls)

Example:

- Zomato IPO was priced at ₹76 and listed at ₹115 — a strong listing!
- Paytm IPO was priced at ₹2,150 but listed at ₹1,950 — weak listing.

THE MARKET INFRASTRUCTURE & TRADING MECHANISM

What is a Stock Exchange?

A stock exchange is like a marketplace where people come to buy and sell shares of companies.

Just like a vegetable market has rules, shopkeepers, and weighing scales to make sure everything is fair, the stock exchange has systems, rules, and technology to make trading smooth and transparent.

Examples in India: NSE (National Stock Exchange) and BSE (Bombay Stock Exchange).

Main Roles of a Stock Exchange

- A Platform for Trading

It connects buyers and sellers of shares, bonds, ETFs, derivatives, etc.
You cannot directly go to the exchange; you place orders through a broker.

- Fair Price Discovery

The exchange matches buy and sell orders using computers.
This process ensures that prices are set fairly, based on demand (buyers) and supply (sellers).
Example: If many people want to buy Reliance shares, its price will go up.

- Transparency & Safety

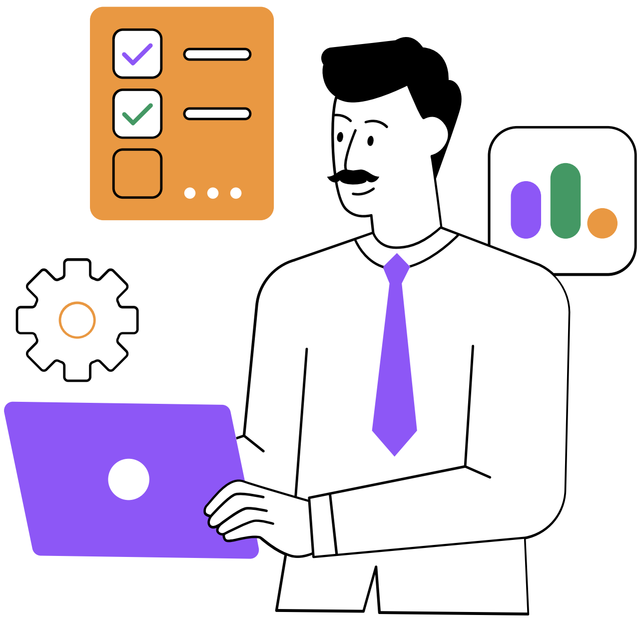
All trades are recorded.
Nobody can cheat on price or quantity because everything happens through the exchange's system.

- Liquidity Provider

Liquidity means you can easily convert shares to cash (by selling) or cash to shares (by buying).
Exchanges make sure there are always enough participants to trade smoothly.

- Investor Protection

Exchanges work under SEBI rules.
They monitor brokers and companies to ensure no fraud happens.



SEBI (Securities and Exchange Board of India)

What is SEBI?

SEBI is the watchdog of the stock market in India.

It makes rules, keeps an eye on all players (brokers, exchanges, investors, companies), and ensures the market runs fairly and safely.

Think of SEBI as a referee in a cricket match, it doesn't play, but it ensures everyone follows the rules and no cheating happens.

Main Roles of SEBI

SEBI has 3 main duties, also called the 3 Ps:

1. Protect Investors 🛡️
    - Ensures investors are not cheated.
    - Introduces rules like disclosure of information by companies, investor protection funds, and grievance redressal systems.
    - Example: If a company hides bad financials, SEBI can punish them.
2. Promote Market Development 📈
    - Encourages new products (ETFs, Derivatives, REITs).
    - Modernizes technology for trading.
    - Makes investing easier for common people.
3. Regulate the Market ⚖️
    - Keeps control over exchanges, brokers, depositories, and mutual funds.
    - Monitors insider trading (buying/selling shares using secret company information).
    - Sets rules for IPOs, buybacks, and stock trading.

Responsibilities of SEBI

- Register and regulate stock exchanges, brokers, sub-brokers, merchant bankers, mutual funds, and investment advisors.
- Stop fraudulent and unfair practices in the market.
- Ensure companies provide true and timely information to investors.
- Oversee takeovers and mergers (so no company cheats shareholders).
- Regulate foreign investors (FPIs) coming into Indian markets.
- Protect small investors by creating awareness and education programs.

How SEBI Works (Simple Example)

👉 Suppose a company wants to launch an IPO (Initial Public Offering):

- The company must submit its financials and plans to SEBI.
- SEBI checks if the company is genuine, whether it has proper track records, and if the price of shares is fair.
- Only after SEBI's approval, the company can sell shares to the public.

👉 Suppose a broker is cheating clients:

- SEBI can investigate and suspend or cancel the broker's license.

👉 Suppose insiders (like company directors) secretly buy shares before good news:

- SEBI can penalize them heavily for insider trading.

Powers of SEBI

- Investigate suspicious activities.
- Impose penalties on companies, brokers, or individuals.
- Ban people from trading if found guilty of fraud.
- Make and change rules whenever needed.

If the Stock Exchange is a playground, then SEBI is the umpire who ensures that players (brokers, companies, investors) follow the rules, and the game is fair for everyone.

Clearing Corporation (CC) in the Stock Market

What is a Clearing Corporation?

A Clearing Corporation is like the delivery manager of the stock market.

It makes sure that when you buy shares, you actually get them in your Demat account, and when you sell shares, you actually get money in your bank account.

👉 Without a Clearing Corporation, there would be a risk:

- What if the seller doesn't deliver shares?
- What if the buyer doesn't pay money?

The Clearing Corporation removes this risk by acting as a middleman and guarantor.

🎯 Main Roles of Clearing Corporation

1. Guarantees Every Trade ✅
    - Once a trade is matched on the stock exchange, CC becomes the counterparty.
    - To the buyer → CC promises delivery of shares.
    - To the seller → CC promises payment of money.
2. Clearing the Trades 🔄
    - Collects details of all buy and sell trades from the exchange.
    - Calculates who has to pay and who has to receive.
3. Settlement 💰📈
    - Ensures transfer of money from buyer to seller.
    - Ensures transfer of shares from seller's Demat to buyer's Demat.
    - Done on a T+1 basis in India (trade day + 1 working day).
4. Risk Management ⚖️
    - Collects margins (security money) from brokers before allowing trades.
    - Maintains a Settlement Guarantee Fund to cover defaults.
    - Monitors whether brokers have enough money/shares.

How Does Clearing Corporation Work? (Step by Step)

1. Trade Execution
   - You place an order → matched on exchange → trade confirmed.
2. Reporting to CC
   - Exchange sends trade details to the Clearing Corporation.
3. Becoming Counterparty
   - CC becomes the buyer for every seller and the seller for every buyer.
   - This guarantees the trade will be completed.
4. Pay-in Process
   - On settlement day, buyers must deposit money, and sellers must deposit shares with the CC.
5. Pay-out Process
   - CC transfers shares to buyer's Demat and money to seller's bank account.

🏛️ **Clearing Corporations in India**

- NSCCL → NSE Clearing Limited (handles trades of NSE).
- ICCL → Indian Clearing Corporation Limited (handles trades of BSE).
- CCIL → Clearing Corporation of India Limited (specialized in bonds, money market, and forex trades).

Example

Suppose you buy 100 Infosys shares from the exchange for ₹1,500 each.

- Buyer's Side (You): You must pay ₹1,50,000 to the CC.
- Seller's Side: Seller must give 100 Infosys shares to the CC.
- Clearing Corporation:
  - Takes ₹1,50,000 from you.
  - Takes 100 shares from the seller.
  - Delivers money to the seller and shares to you.

Even if the seller fails to deliver, the CC will still give you shares (using its guarantee fund or buying from the market).

Imagine buying a phone online.

- You pay money to Amazon.
- Seller sends the phone to Amazon's warehouse.
- Amazon ensures you get the phone and the seller gets money.
- 👉 In this case, Amazon works like a Clearing Corporation in the stock market

T+1 Settlement Cycle in Stock Market

What Does T+1 Mean?

- T = Trade Day (the day you buy or sell shares).
- T+1 = Trade Day + 1 working day.

👉 This means that if you trade shares today, the settlement (transfer of money and shares) will be completed by the next working day.

Why is Settlement Needed?

When you buy shares:

- Money has to go from you → seller.
- Shares have to go from seller's Demat → your Demat.

This exchange of money and shares is called settlement.

How the T+1 Settlement Cycle Works (Step by Step)

Day T (Trade Day)

1. You buy 10 Infosys shares through your broker.
2. The trade is matched on the stock exchange.
3. Exchange sends trade details to the Clearing Corporation.

Day T+1 (Settlement Day)

1. Pay-in (morning):
    - Buyer (you) must give money to the Clearing Corporation.
    - Seller must give the shares to the Clearing Corporation.
2. Pay-out (afternoon):
    - Clearing Corporation transfers shares to your Demat account.
    - Clearing Corporation transfers money to the seller's bank account.

👉 By evening of T+1, the entire trade is complete — you now officially own the shares.

Example

- You (Buyer): Bought 100 shares of Tata Motors on Monday for ₹900 each.
- Seller: Sold 100 shares at ₹900 each.
- Monday (T): Order is placed and confirmed.
- Tuesday (T+1):
  - You pay ₹90,000 → Clearing Corporation.
  - Seller gives 100 shares → Clearing Corporation.
  - Clearing Corporation delivers 100 shares to your Demat.
  - Seller receives ₹90,000 in bank.

🏛️ Why T+1 is Important

- Earlier India used T+2 cycle (2 working days).
- Now, India moved to T+1 (Jan 2023 onwards).
- It makes settlement faster, safer, and reduces risk.
- India is now among the fastest settlement markets globally.

Imagine ordering parcel online:

- Day T = You place order.
- Day T+1 = Parcel is delivered to your home.

Depositories in Stock Market

What is a Depository?

A Depository is like a digital locker where your shares are kept safely in electronic form.

- Earlier, shares were in paper certificates (risky, easy to lose or fake).
- Now, they are stored in Demat (dematerialized) form inside a Depository.

👉 Just like banks hold your money, Depositories hold your shares.

🏛️ Depositories in India

There are two depositories in India, regulated by SEBI:

1. NSDL (National Securities Depository Limited) – India's first depository (1996).
2. CDSL (Central Depository Services Limited) – another major depository (1999).

🎯 Roles of a Depository

1. Safe Storage of Shares 📦
   - Keeps investors' shares in electronic form.
   - Prevents theft, forgery, or loss.
2. Transfer of Shares 🔄
   - When you buy shares, the depository transfers them from seller's Demat to your Demat.
3. Settlement of Trades 📈
   - Works with the Clearing Corporation to ensure smooth delivery of shares.
4. Corporate Benefits 🎁
   - If the company gives dividends, bonus shares, or rights issues → Depository ensures you receive them in your account.
5. Pledging Shares 🔒
   - You can pledge (keep as security) your shares to take a loan.

How Does a Depository Work?

- Depositories don’t directly deal with investors.
- They work through Depository Participants (DPs) (like banks, brokers, financial institutions).
- To open a Demat Account, you go to a DP(broker), not directly to NSDL/CDSL.

👉 Example:

- You open a Demat account with angel one (DP).
- Angel one connects you to CDSL (depository).
- Your shares are stored in CDSL under your name.
- note- Your broker is the Depository Participant (DP)

Start of the Investment Process

↓

Investor (Initiates buy/sell order)

↓

Broker (Receives order from Investor)

↓

Stock Exchange (Order is matched/executed)

↓

Clearing Corporation (Guarantees settlement of trade)

↓

Depository (Holds securities in electronic form for Investor)

↓

End of Settlement

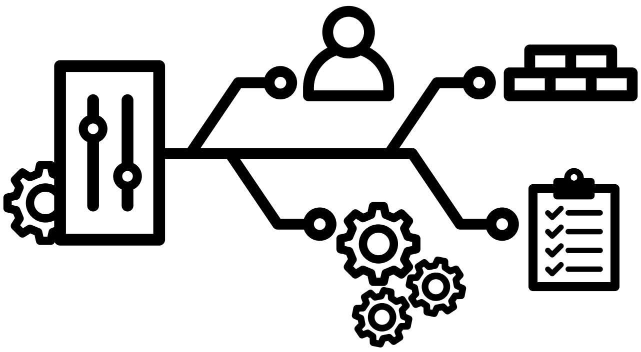
- **Investor:** The process begins with the investor. They decide to buy or sell securities (shares, bonds, etc.).

- **Broker(angel one, zerodha, groww):** The investor places their buy/sell order with a broker (a stockbroker or trading member). The broker acts as an intermediary, having the necessary licenses and access to the stock exchange.

- **Stock Exchange:** The broker then routes the investor's order to the stock exchange (e.g., National Stock Exchange of India (NSE) or BSE Ltd.). The stock exchange provides the platform where buy and sell orders are matched and executed.

- **Clearing Corporation:** Once a trade is executed on the stock exchange, the details are passed to the clearing corporation (e.g., National Securities Clearing Corporation Limited (NSCCL) for NSE, or Indian Clearing Corporation Ltd. (ICCL) for BSE). The clearing corporation plays a crucial role in guaranteeing the settlement of trades, ensuring that both the buyer receives the securities and the seller receives the funds. It effectively acts as a central counterparty.

- **Depository**: After the clearing corporation confirms the settlement, the securities are transferred to or from the investor's Demat (dematerialized) account, which is held with a Depository Participant (DP) of a Depository (e.g., National Securities Depository Limited (NSDL) or Central Depository Services (India) Limited (CDSL)). The depository holds the securities in electronic form, eliminating the need for physical share certificates.



INTRADAY

When most people hear about the stock market, they imagine buying a stock today and selling it after months or years to make a profit. That’s called investing.
But there’s another way to participate in the market called **Intraday Trading.**

What is Intraday Trading?

- Intra means "within".
- Day means "the same day".

So, intraday trading means buying and selling stocks on the same day before the market closes.
You do not carry forward your stocks overnight – everything is squared off (buy and sell completed) within the same day.

Example:
If you buy 100 shares of Infosys at 10:30 AM and sell them at 2:30 PM on the same day, that’s intraday trading.

The Main Goal
The aim of intraday trading is not long-term growth but to make quick profits from small price movements during the day.
Stock prices move up and down constantly. Even small movements like ₹2–₹5 per share can give profits if traded in quantity.

You can download the Angel One App directly from our website www.wealthacumen.in for a smooth and secure trading experience.

- **You Pick a Stock:** An intraday trader chooses stocks they expect to move up or down that day. Instead of looking at a company's long-term value, they use charts and technical analysis to predict short-term price movements.

- **Place Your Order:** You place an order to buy a certain number of shares. You must tell your broker that this is an intraday or MIS (Margin Intraday Square-off) order. This tells them you don't intend to keep the shares overnight. (intraday feature is available in the app, no need to call your broker for this)

- **The Price Changes:** If your prediction is correct, the stock price moves in your favor. If you bought low, the price goes up you start earning profit.

- **You "Square Off":** Before the market closes, you must complete the opposite transaction. If you bought shares, you must sell them. If you sold them first, you must buy them back. This is called squaring off. The difference between your buy and sell price is your profit or loss.

Why Do You Have to Close Your Intraday Position on the Same Day?

When you do intraday trading, you're not really "owning" the shares. Instead, it's like borrowing them for a few hours just to trade.

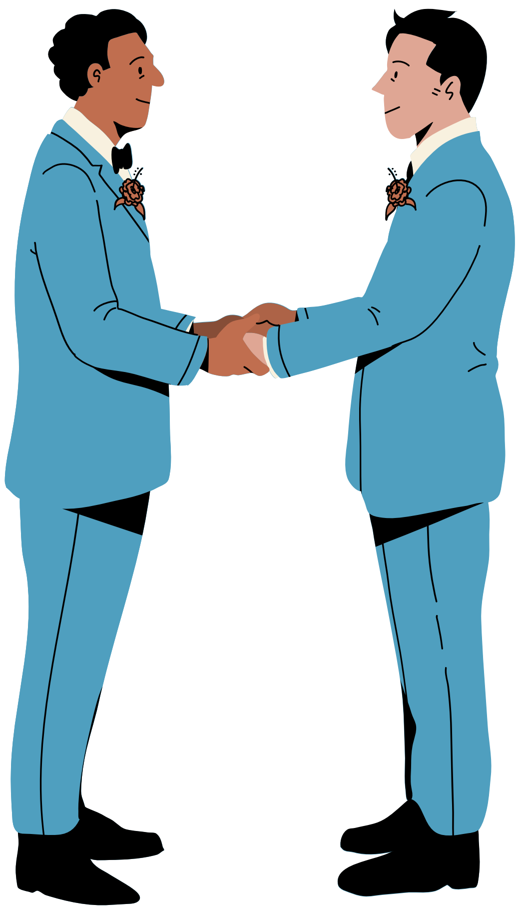
👉 Think of it this way:

- Suppose you borrow your friend's cricket bat in the morning to play a match.
- You enjoy the game, but by evening you must return the bat because it's not yours.

That's exactly how intraday works.

- When you buy shares for intraday, you are using your broker's facility.
- The shares are temporarily taken from someone who already owns them.
- Before the market closes (3:30 PM in India), you must return them, by selling them.

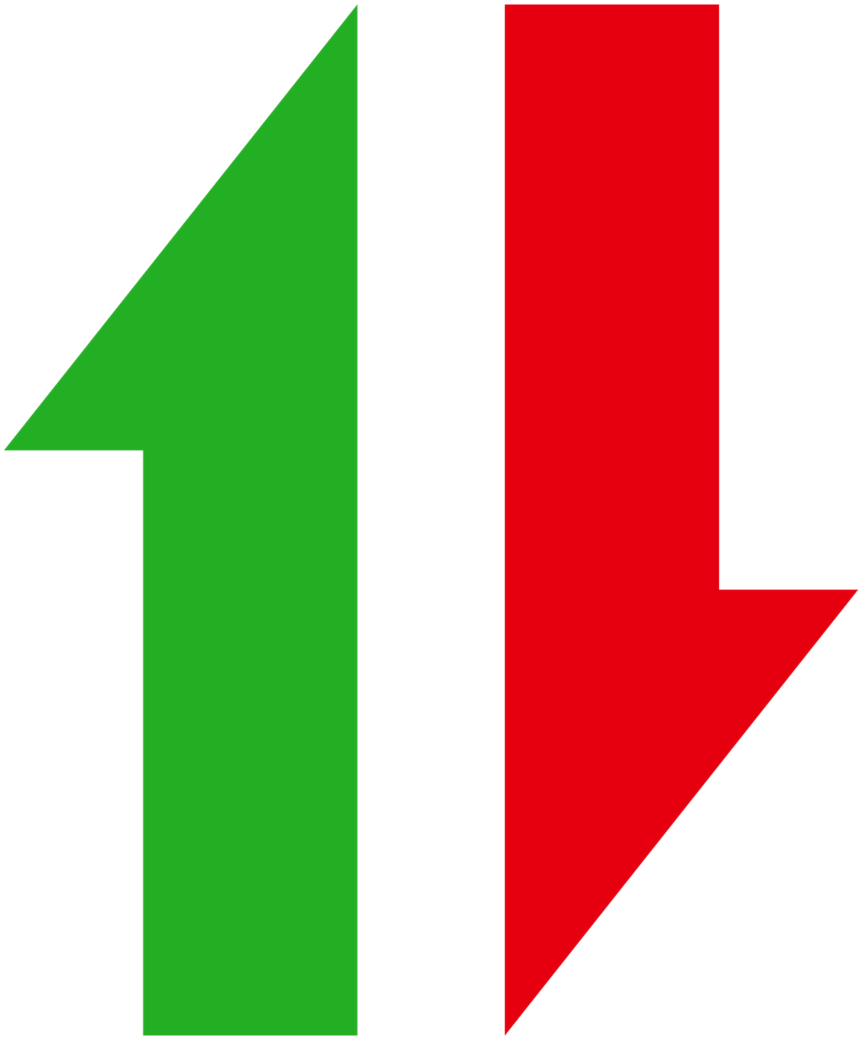
If you don't close your position, your broker will do it automatically because those shares are not yours to keep overnight. (broker will charge a penalty for this as you forgot to sell the shares before market closes).



Example

- You “buy” 100 shares of Reliance at 10:00 AM.
- Actually, you don’t own them – you just borrowed them to make a quick trade.
- If you sell them at 2:00 PM, you return the shares and keep the profit/loss.
- By 3:30 PM, everything is settled.

So, intraday is always a borrow-and-return system. You can only play the game within the day.



The Interesting Part of Intraday Trading

In normal investing, you make money only if the stock price goes up.
But in intraday trading, you can make money whether the price goes up or down – because you can create:

- A Long Position (if you think price will rise)
- A Short Position (if you think price will fall)

Long Position – Profit When Price Goes Up

This is the usual way most people imagine trading.

- You buy first at a lower price.
- You sell later at a higher price.

👉 Example:

- Buy Infosys at ₹1,500 in the morning.
- Sell it at ₹1,520 in the afternoon.
- Profit = ₹20 per share.

BUY

SELL

Short Position – Profit When Price Goes Down

Here comes the exciting part – in intraday, you can sell first and buy later.
This is called short selling.

👉 How does it work?

- You "borrow" shares from the broker and sell them immediately at the current price.
- Later in the day, if the price falls, you buy them back cheaper and return them.

👉 Example:

- Sell Reliance at ₹2,400 in the morning.
- Buy it back at ₹2,370 in the afternoon.
- Profit = ₹30 per share.

Even though you didn't own the shares, you made money because you sold high first and bought low later.

SELL

BUY

FREQUENTLY ASKED QUESTIONS

1. Is the stock market the same as a gambling place?
Not really. Gambling is based on luck, while the stock market is about ownership in companies and making decisions based on research, news, and financial data. You can reduce risk with knowledge and planning.

2. If I buy a share, who is selling it to me? The company or someone else?
Usually, you're buying from another investor, not the company. The company only sells shares during IPOs or follow-on public offerings. After that, investors trade among themselves on stock exchanges.

3. What's the difference between NSE and BSE – do I need accounts in both?
BSE and NSE are two stock exchanges in India where shares are traded. You don't need accounts in both; your trading account can let you trade on either one.

4. Why does the share price go up and down every second? Who decides it?
Price changes based on demand and supply. If more people want a share, price goes up; if more want to sell, price goes down. The market itself decides, not a single person or company.

5. Why do I need both a Trading Account and a Demat Account? Can't one be enough?
A Trading Account is for placing orders (buy/sell). A Demat Account is for holding shares in electronic form. One is for transactions, the other for safe custody.

6. What is the job of a depository like NSDL/CDSL – do they control my money?
Depositories hold shares electronically. They don't control your money; they ensure that ownership records are safe and updated after each trade.

7. Who are clearing members – are they different from brokers?
Clearing members are firms authorized to settle trades through the Clearing Corporation. Some brokers are also clearing members, but not all.

8. If my broker shuts down, will I lose all my shares?
No. Your shares are in your Demat account with the depository, not the broker. You can transfer them to another broker.

9. Why do stock markets crash suddenly – even when companies are doing fine?
Crashes happen due to panic selling, global events, economic concerns, or sudden changes in investor sentiment. Even good companies can be affected temporarily.

10. What is insider trading – how can SEBI even catch someone doing it?
Insider trading is using confidential company info to make unfair profits. SEBI tracks unusual trades, investigates, and can punish offenders.

11. Why do big players (FIIs/DIIs) move the market more than small investors like me?

They invest large amounts, so their trades significantly impact demand and supply, moving prices more than small retail investors.

12. Is long-term investing really safer than short-term trading – why?

Generally yes. Long-term investing rides out market volatility, benefits from compounding, and reduces the impact of short-term price swings.

THE END

Thank you for taking the time to read this eBook. My aim has been to simplify complex stock market concepts so that even beginners can understand and start their journey with confidence. Remember, the stock market is not about quick riches – it's about learning, discipline, and consistency.

As you continue exploring, keep updating your knowledge, practice patience, and always manage your risks wisely.

This eBook is just the beginning of your financial learning journey. Stay curious, stay disciplined, and keep growing!

Connect with us through the links (click on the icons) below