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## How to invest in stock market with little money?

Many people stop investing because they think that a lot of money is required to start investing in the stock market. But this is not true. You can invest only Rs. 500/- per month. The key to building wealth is to develop good habits such as investing a small amount of money regularly in the stock market every month. If you make a habit of investing regularly then you will be in a very strong financial position in future.

The question may come in your mind that how to enter the stock market with less money?

There are many ways to start investing with little money and with the help of online and app based platforms made it very easy, all you have to do is start somewhere. Just follow the steps below and learn how to invest in Indian stock market with little money:

- Decide how you want to invest in stocks
- Know your target for investment
- Open an investment account i.e. demat and trading account
- Set a budget for your stock investments
- Learn the basics of stock market
- Start Investment

# How to invest in stocks with little money for beginners?

Here are some tips that beginners should follow:

## **Set long term goals:**

Before investing you should know about your target and the likely time in future that you may need the funds. Investing in the stock market for a long period can give good returns.

## **Make up for the deficiency:**

Investing regularly requires commitment. You just need to be regular and consistent. Saving a regular amount can make you profitable. If you are not able to save within the stipulated time this week, make up for it next week.

## **Understand your risk tolerance:**

Risk tolerance is also influenced by one's perception of risk because by understanding your risk tolerance, you can avoid investments that are likely to worry you.

## **control your emotions:**

When you first start investing in stock market you get emotional and overwhelmed because good returns can make you happy but losing money can hurt. Learn to never make your investments based on your feelings.

## **Handle the basics first:**

Take the time to learn the basics about the stock market and the individual securities that make up the market. Knowledge and risk tolerance are linked as well- risk comes from not knowing what you are doing.

## **Diversify your investments:**

Investment diversification protects your money from adverse stock market conditions because when it comes to investing, it is advised by knowledgeable money managers that investors should invest money in different assets i.e. diversify their investments. This avoids losing all assets in one market swoop.

## **be real:**

Never invest hoping to earn quick returns, it is better to be patient and start your investment.

## **Invest in Mutual Funds through SIP:**

MF is a long-term investment that invests in various securities and creates wealth if invested for a long period. Investment starts from just Rs. 500 per month.

# **Stock market timings - Know the opening and closing timings of the stock market in India**

Before starting investing in the stock market a trader or investor should be aware of several fundamentals. Investing in stocks is a very interesting thing and it is all about timing. The price of a stock can rise suddenly in a short period of time and similarly the price can fall in no time. One should keep a constant eye on the stocks to take the right decision.

As an investor, you must be aware of the stock market timings in detail. It varies from country to country as there are different time zones. The money market or forex is a 24-hour market whereas the equity market has a different timing. The stock market is open only from Monday to Friday and there are other specific days when the stock market is closed. Unless you know the stock market timings such as stock market opening hours and stock market closing times, you cannot effectively use your time and money to get better returns from the market.

The trading hours in the stock market are from 9.15 am to 3.30 pm from Monday to Friday. Given below are the market timings for the equity segment:

## **1) Pre-open session**

Order Entry & Modification Open: 09:00 PM

Close Order Entry & Modification: 09:08 PM.

With the last one turning off at random. The matching of pre-open orders starts immediately after the closing of the pre-open order entry.

## **2) Stock market opening hours**

General / Limited Physical Market Open: 09:15 PM

General / Limited physical market closed: 15:30

Block Deal Session Timings:

Morning Block Deal Window: This window will work between 08:45 AM to 09:00 AM.

Afternoon Block Deal Window: This window will operate between 02:05 PM to 2:20 PM.

### **3) The closing time of the stock market is between 15.40 hrs to 16.00 hrs.**

You can execute all your trades at the right time only if you know the opening and closing times of the stock market. The timing of the opening and closing of the stock market is of great importance as it is the time when the share price is high or low. The open price is the stock price at the market opening and the closing price at the market close. The high and low price of a share refers to the highest level and lowest level that the stock attains in a day. Although the market closes by 3.30 pm, some brokerages allow you to place trade orders for the next day through AMOs (after market orders), even after market hours.

As an investor you must also be aware of the stock market holidays so as to capitalize on the opportunity at the right time and in the right way. On Diwali, every year there is a special session called Muhurta session for business. As mobile trading apps have become very popular these days, you can trade from anywhere without any difficulty. You can easily execute trade orders like buy or sell shares through your smartphone during market hours or you can take the help of equity advisors to execute your trade orders.

# Intraday trading tips

What is meant by trading in the stock market?

Most of us are hesitant to trade in the stock market. And this is mainly due to unnecessary fears and doubts. In this article, let us know how to do trading first, especially intraday trading in stock market and also best intraday trading tips. Trading refers to the act of either buying or selling shares and it is usually done to make profits in a very short period of time unlike an investor who stays invested in the stock market for a very long time. All trade transactions take place on the exchange and the broker acts as an intermediary between you on the exchange.

## Why does someone do business?

Shares are sold by companies to the general public in the absence of capital. Traders buy and sell shares in the secondary market. Markets go up and down and so do stocks. What most traders follow when trading is "Buy low and sell high". Buying shares at a lower price and later selling them at a higher price makes a profit. Speculation is what drives the market. For example, if a trader thinks that for some reason the price of his stock may rise, he buys that stock at a lower price and when the actual news about the stock is out, the stock will be priced higher. sells on. in on demand.

A trader has to carefully observe the markets to make the right decision with regard to buying, selling or holding a stock. As an investor, one is more inclined to analyze the company by knowing the EPS, PE ratio, stability of the business etc. Whereas a trader pays more attention to the technical aspects of the company. There are technical charts based on minute, hour etc which will let you understand how the stock price moves.

Some people take up business as their profession while some do it as their part time passion. Loss and profit are part of the business; Hence one has to trade with confidence backed by good strategies. The market reacts to various factors such as economic data, political uncertainty, trade wars etc. and traders capitalize on these trends to make profits. cs either give high returns or give negative returns.



## **What are defensive stocks?**

Defensive stocks are not affected by the performance of the economy. They provide regular dividend income. These stocks help you keep your investments safe during the times of recession. If you are a very conservative investor whose main priority is safety, you may choose to invest in defensive stocks. You cannot expect exceptional returns from defensive stocks as they only act as safe haven stocks. If you are a newcomer to the market, you can start investing in these stocks at an early stage as the volatility is low and these stocks will not give you sleepless nights. Defensive stocks give steady returns at all times irrespective of the performance of the economy.

An investor's portfolio should contain a mix of both cyclical and defensive stocks and only this will help reduce risk and minimize losses.

## **Who can do business?**

Anyone can trade and generally risk takers prefer to trade rather than invest as it is usually done for wealth creation with a long term outlook. Those who want to get regular income or security of capital do not venture into business. Due to the high risk, the returns in trading are also high. Don't worry about making mistakes while trading. Because with time these mistakes will make you an expert.

## **What do you need to do business?**

To trade in the stock market, you need a demat and trading account. This account can be easily opened online with any SEBI registered broker or depository participant. is the one that stores your shares in electronic format, and you can transfer money from your bank account to your trading account to buy the shares. Usually the settlement i.e. crediting the shares or money and debiting the shares or money happens in 2 days, hence it is called T+2 settlement.

Important assumptions one should know while trading:

**1. Price discount everything:**

This means that the market price of a stock reflects various information like political news, macro and microeconomic data etc.

**2. Price Moves in Trends:**

The stock price will not suddenly rise precariously; It usually follows the same pattern.

**3. History repeats itself:**

Since markets are driven by fear or greed, patterns of stock price movement usually repeat.

## **How to minimize losses while trading?**

Stop loss is one of the strategies that should be used while trading. This will help you reduce your losses. With this strategy, your stock is sold if it drops below a level that will make your losses even higher.

## **Let us discuss in detail about Intraday Trading**

### **Tips 1. Build a proper strategy:**

Trading is done to make quick profits based on the price fluctuations. Trade in the stock only after knowing the amount you can use for trading and the amount of loss you can take. Don't have herd mentality and take all decisions only after proper research

### **2. Risk Management:**

Use stop loss and other methods that help you manage risk. Without these strategies, your losses could be higher.

### **3. Stay Updated:**

Keep yourself updated with market trends, techniques, etc. Develop the habit of reading a lot on trading. To be a smart and successful trader it is necessary to constantly read and stay updated.

### **4. Don't Focus on Money Alone:**

If you are either afraid of losing money or are too greedy to make money, you will be a loser. Focus on the right strategies that will help you get profit by minimizing the risk.

### **5. Don't Panic:**

Never be afraid of loss. Loss is part of trading and you should analyze your mistakes instead of exiting the market

### **6. Focus on some stocks:**

Do not trade too many stocks at once. As such you should check the technical charts of each stock to understand the fluctuations in their prices.

## **7. Booking Benefits:**

Whenever you reach your target, you must book profits; Never be greedy.

## **8. Choose High Liquidity Stocks:**

You should choose only those stocks which are traded in high volume.

## **9. Use Technical Charts:**

As a trader, you should use technical charts on a minute or hourly basis to know how the stock is moving.

## **10. Control Your Emotions:**

Emotions can lead you to make bad decisions while trading. Take decisions based on logic.

## **11. Don't trade only on rumours**

Your decisions should be backed by proper research and facts. You will lose money by acting on the basis of rumours.

## **12. Self-trade using Mobile Trading Platforms:**

You can trade anytime and from anywhere using mobile trading apps. This is the smartest way to do business. You do not need to depend on brokers all the time for any business transaction. With the mobile trading platform, you can place buy or sell orders and monitor your portfolio anytime.

## **13. Keep Learning:**

Develop a habit of reading more about trading strategies, free intraday tips, etc. to become an expert trader.

## **14. Give Enough Time:**

Trading requires constant research and smart decision making. Appropriate time should be given for this purpose otherwise it will end in loss.

## **15. Intraday Stock Tips:**

There are many websites that provide free intraday trading tips. These should be read to take the right step.

# Call option and Put option

Derivatives are mainly used for hedging purpose and let us read about option contract which is a type of derivative in this article. People enter into options contracts primarily to reduce risk. The option contract gives the buyer the right to buy or sell the underlying asset at a specific price. But there is no compulsion attached to it. The option contract seller has the obligation to buy or sell the underlying asset as per the option contract buyer's decision. There are 2 types of options, call options and put options. Let us go through the difference between call option and put option in detail in this article. Before this you should know some terms like strike price, spot price, premium, expiry date.

**Strike Price:** The price at which the contract is executed between the buyer and seller of the contract is the strike price.

**Spot Price:** The price at which the asset trades in the cash market. That is, the current market price.

**Premium:** This is the amount that the buyer of the contract has to pay to the seller of the contract.

**Expiry Date:** This is the last date of the options contract before which the option buyer can exercise his option to buy or sell the underlying asset.

**Contract Cycle:** Generally, the contract cycle is of 3 months which ends on the last Thursday of the particular contract month.

## Call option

There are always two parties to a contract and in this case it is a call option buyer and a call option seller. A call option buyer has the right to buy the underlying asset at a specified price. But he has no obligation whereas the call option seller has the obligation to sell the contract as per the call option buyer's decision. We will understand this in a simple way with an example. Mr. A buys a call option contract from Mr. B in which the strike price of the particular underlying asset is Rs. 500. If the spot value of the particular asset is Rs. 1000, then Mr. A would like to buy the property from Mr. B and sell it in the market at Rs. 1000 thereby making a profit of Rs. 500. But if the spot price becomes Rs. 800, Mr. A will buy particular property from the market instead of Mr. B.

The call buyer has to pay the premium to the call seller. The call buyer has to suffer limited loss as his loss is limited to the premium paid by him but in case of call seller the loss is unlimited.

### **Enter options**

Like with a call option, there are two parties, a put buyer and a put seller. The put option buyer has the right to sell the underlying asset while the put option seller has the obligation to buy it. In the case of a put option buyer, the loss is limited to the premium while the put option seller can suffer an unlimited loss. Let us see it with an example. Mr. Ajay feels that the price of a particular stock will go down and hence buys a put option contract. He pays the premium to Mr. Kumar, the put option seller and buys the contract. If he had entered into a contract at Rs. 1000 but the spot price of the stock is Rs. 700. In this situation, Mr. Ajay will sell the contract to the put option seller for Rs. 1000 and earn a profit of Rs.

In simple words, call option buyers and put option sellers are bullish whereas put option buyers and call option sellers are bearish. Understanding options trading is not that difficult and you can gradually learn it by reading several books and starting to use options strategies. Hope you have understood the difference between call and put by reading this article.

### **Stock analysis**

Investing in the stock market is one of the best ways to achieve your financial goals. Without saving or investing neither we can face any financial emergency, nor can we meet our educational needs, medical needs of self and family. Although there are many products available in the world of stocks, let us learn about equity investing in this article. Strategies for choosing the right stock should be employed before investing in stocks. Stock analysis gives a clear picture about the financial position of the company, its growth potential and many other essential things which will help you in choosing the right stock.

# How to analyze a stock before investing:

We should invest in the shares of the company only after doing thorough research. There are 2 ways to analyze a stock; By technical and fundamental analysis. First, let us delve into technical analysis of stock trends. The future price of a stock is predicted using past price movement. Price charts based on the particular time frame are used to understand how the stock will move in the future. Time charts can be different such as 15 minute chart, hourly chart, daily chart, etc. There are some assumptions in terms of technical analysis of the stock market.

## **Market Everything Discounts:**

It simply means that all the information about the stock, investor sentiment, inflation and all other factors are already embedded in the price of the stock.

## **Prices move in trend:**

The stock price always moves in the direction of the trend.

## **History repeats itself:**

In technical analysis, price movement is predicted based on chart patterns and it is assumed that market participants always react in the same way to similar events that are likely to occur in the future as well.

## **How to analyze stocks for intraday:**

There are several parameters and strategies one must know while getting involved in intraday trading. Let us know about them in detail. **Liquid Stock:**

Liquidity is the main factor that you should keep in mind while buying stocks for intraday trading. You should buy liquid stocks in which even if you buy a higher quantity, the price will not be affected. Liquid stocks are those which can be easily sold and converted into cash.

Don't be too greedy:

When you are a day trader, you must know clearly when to enter and when to exit a stock. Once you make a profit, you have to exit the stock. Timing is very important thing in case of intraday.

Do not trade only on rumours:

Trade only those stocks that follow a strong trend. The main objective of any trader is to minimize losses and protect profits. So take a disciplined approach. Don't buy shares just on the basis of news or rumours. Do a proper research before every decision.

How to do fundamental analysis of a stock?

The intrinsic value of a stock can be ascertained through fundamental analysis. An investor can understand whether a stock is undervalued or overvalued. For this purpose, you should read the company's annual report, balance sheet, profit and loss account, especially any news related to the company or sector. Fundamental analysis looks at various factors of a stock like PE ratio, EPS, etc. Dividend Yield, etc. A company with heavy debt should be avoided. You should be aware of the background and management of the company and the factors that will have a great impact on the company. It is the responsibility of every investor to evaluate a company based on technical and fundamental analysis before making a decision on a stock.



# Basics of stock market

Have you ever wondered what are shares and stock market? Let us learn the basics of stock market in this section. Each of us has defined goals in life and there is a time limit by which we have to achieve these goals. For example, you may plan to study abroad, buy a car, build a house, etc. To achieve these, you need to have a proper financial plan. By this I mean investing has become your habit. Financial assets or stock markets provide high returns and hence start investing at a young age and do it regularly for a long period of time.

You can invest in the stock market for short term or long term as per your requirement. Depending on your risk appetite, age and dependency, you can be a trader or investor in the stock market. Since markets are always associated with risk, you need to read carefully. Today the various investment options in the Indian stock market are Equity, Mutual Funds, SIP, IPO, Bonds, Debentures, Derivatives, Commodity, Currency etc.

# How to invest in share market?

## Demat and Trading Accounts:

So what do you need to do to invest in the stock market? Firstly, open an online demat and trading account with a broker and link your bank account with it.

Demat account opening is a very simple and easy process. Once you have your demat and trading account, you can start investing in the Indian stock market. It is essential for you to be familiar with stock exchanges and their functions.

Stock exchange is the place where the buying and selling of shares takes place. Stock exchanges are regulated by SEBI (Securities and Exchange Board of India). India's 2 important stock exchanges are NSE (National Stock Exchange) and BSE (Bombay Stock Exchange).

- As per your goals, choose specific financial assets for investment. India is the one stop destination for all your needs. If you are more concerned about regular income and conservation of capital, you can opt for debt instruments like bonds. If you want capital growth and are willing to take

the risk, then equity is the one for you. Before investing in a stock, do a thorough study of the company, its financial position, future growth prospects, etc. What you need to do below to achieve your goals:

- Define your life goals

- Learn about financial assets
- Choose the relevant property as per your requirement
- Start investing regularly
- Fulfill your goals

Hope you have got a basic idea of stock market and hence now it is time to understand different financial instruments.

## Types of Stocks to Invest in the Stock Market

When you buy a share, you can be a common shareholder or a preferred shareholder depending on the ownership.

As a common shareholder, you are allowed to vote at shareholder meetings and you are eligible to receive dividends. If the company you invested in goes bankrupt, you will receive part of the liquidation proceeds only after all creditors and preferred shareholders have been paid.

As a preferred shareholder, you may not have voting rights. But you will get the dividend before the common shareholder gets it.

Depending on the market capitalization, you can invest in largecap, midcap and smallcap stocks. Market capitalization = share price \* number of shares outstanding

Outstanding shares are shares that can be bought and sold in the public markets. I will explain it with an example. Suppose a company A has 100 outstanding shares and the share price is Rs. 20, then the market capitalization of the company will be  $20 \times 100 = \text{Rs. } 2000$

### **Large Cap Stocks:**

These companies are well established and have a strong presence in the market. Companies like TCS, Infosys and Wipro fall in this category. Investing in these companies is less risky.

### **Mid Cap Stocks:**

These companies have huge growth potential and are relatively risky as compared to large cap companies.

### **Small Cap Stocks:**

Startups fall under this category and are highly risky as compared to the above two. On the upside, they can become a smashing success overnight.

The next essential aspect that you should know is IPO (Initial Public Offering). A company raises money from the public through an IPO. It sells its shares in order to bring in capital for its future growth. Your yield is higher when you invest in a stock because of the power of compounding. In simple words, the share price you are holding today is Rs. 100, it can double or triple if you hold the shares for a long time.

# Why should one invest?

Investment is important to meet one's financial goals and protect against unforeseen expenses. It is a process in which the saved income of an individual or a group of persons is used in such a way as to ensure the generation of further income.

It is always advisable to classify your investments on the basis of time period (short/medium/long). One should invest early, regularly and preferably for a long period.

What are the various options available for investment?

The various investment options can be broadly classified into two categories:

1. Physical assets which include real estate, gold, jewellery, commodities etc.
2. Financial Assets like Bank Deposits, Post Office Savings, Insurance, PPF, EPF, Equity, Derivatives, Bonds, Debentures, Currencies etc.

Physical assets can be accessed in a number of ways including traditional physical holdings, futures contracts, de-mat forms, ETFs, etc., while financial assets can be held or given to financial institutions such as banks, insurance companies and post offices. It stands for market exposure in respect of investments in equity, derivatives, currency, commodity and bond markets. Each method of holding has its advantages and disadvantages but with so many options available, investors of all types should be able to find a product that matches their need.

## **Physical Holding:**

This form of holding is illiquid and is capable of yielding good price during downtrends.

## **forward contract:**

This form of holding offers the benefits of leverage and the same benefits as physical holdings. In addition, futures contracts have several advantages including liquidity and ease of entering and exiting the market. Option contract:

Options may be a better and less risky way to access the market, but can also be more complex and require more study to understand the elements of volatility and the different strike moves. Options allow for similar leveraged benefits like futures contracts and enable users to better define their risks.

exchange traded funds:

ETFs are more or less similar to stocks that can be accessed through an equity trading account. An ETF is a paper transaction that cannot be converted into a physical one.

## **Why Choose Stock Broking Firm ?**

Getting support in managing investments is critical for successful returns. This is where the role of a stock broking firm comes into play. Investors can benefit in many ways by using the services of a stock broking firm.

Based on professional research reports, a stock broking firm can offer expert advice on how to invest, grow, manage and maintain your investments.

Record keeping is one of the benefits offered by stock broking firms. Firms maintain records of business confirmations, statements, year-end tax reporting details, deposits, withdrawals and other activities.

You can get personalized and professional services by getting associated with a reputed broking house.

Apart from equities, broking firms offer other investment opportunities. These include mutual funds, bonds, options, etc.

## **Derivatives**

Getting a fair idea on the fundamentals of Stock Markets and Equity and Debt Instruments, let us now focus on some comprehensive study in Financial Markets.

### **Derivatives**

A derivative is a financial product whose value is derived from underlying assets. The underlying assets can be equities, indices, currencies, commodities, bonds, etc. Derivatives products were initially developed as hedging instruments against fluctuations in commodity prices. Financial derivatives came into existence after 1970 due to increasing volatility in financial markets and since then, financial derivatives have become very popular and they account for two-thirds of total transactions. Investors in the financial markets are broadly classified based on the timing of their investments.

Derivatives are basically hedging and trading instruments. Being a margin based trading instrument, it offers good leverage opportunities which ultimately gives rise to speculations.

A futures contract gives the right to buy or sell the underlying at a specified price and on or before a specified date. Both parties to a futures contract must exercise the contract unless they are deliverable on or before the settlement date.

### **Features of Futures Trading:**

To take a position, an initial margin amount of the contract value is required, which is determined by the Exchange on the basis of Span plus Exposure Margin.

The mark-to-market profit/loss will be adjusted on a daily basis.

The positions are required to be settled by the last trading day of the contract, failing which the exchange will close those positions.

**Index futures consist of the underlying index.**

The contracts of different maturities available for trading are called current month (1 month), near month (2 months) and far month (3 months) contracts. The month in which the contract expires is called the contract month.

### **alternative**

It gives the buyer the right to buy or sell the underlying without any liability. Whereas the buyer of an option pays the premium and thus receives the right to exercise his option, the seller or writer of an option receives the option premium and thus acquires the asset if the buyer exercises his rights. obliged to buy/sell.

Whereas a "call option" gives the buyer the right, but not the obligation, to buy the underlying asset at a given price before a future date, a "put option" gives the buyer the right but not the obligation to sell the underlying asset. gives. at a fixed price in the future.

Buying call and put options requires a premium to be paid and the trader has to be exposed to risk limited to the size of the premium paid whereas to sell/write options a margin has to be paid and is subject to exposure to the futures market. have to be exposed to the same risk.

### **style of options**

European options can only be exercised i.e. delivery can be taken by the buyer of the option on the expiration date of the contract.

American options can be exercised i.e., delivery can be taken by the buyer at any time on or before the expiry date.

### **Contract Cycle:**

The contract cycle is the period over which a contract trades. Index futures contracts on NSE have expiry cycles of one month, two months and three months.

### **Option Strategies**

A trader having a long / bullish directional view on the underlying can buy a call option or write a short put option. Similarly, a trader who has a short/bearish directional view on the underlying can sort/write a call option or long/buy a put option.

In addition, we have combination strategies which are very useful when the market outlook is moderately bullish/bearish, range bound or uncertain and the objective is to reduce the overall payout of the option premium. Instruments include bull and bear call-put spread, strangle, straddle, butterfly, covered and protective call and put etc.



**Hedging:**

Hedging is a strategy to reduce the risk inherent in investing.

**Estimate:**

It is a trading strategy with the aim of making profit in a short period of time with the fluctuating prices.

**Advantages of Derivatives:**

**Hedging:** It helps to hedge against future price uncertainties

**Leverage:** Since the margin required is very low, it allows for higher trading risk

**Potential Returns:** Anyone can make money, regardless of market conditions

Taking long positions: This gives a time period of up to 3 months as against 1-3 days offered in other margin products

**Share market tips**

Different investors enter the stock market with different investment goals. Some expect quick and high returns and some for long term investments and a strong balanced portfolio. However, every investor should follow certain stock market tips during the investment journey to protect against volatility.

**Here is a list of the best stock market tips we recommend:**

- aiming
- Understand risk tolerance
- Choose the right stock
- Take control of emotions
- Understand the basics
- Diversify investments

### **Share Market Tip: Set Goals**

One of the best investment tips is to invest with a goal. Before starting any investment, it is highly recommended to tie it to a short term or long term goal. It gives better clarity about the investment tenure, target amount etc. If you need investment returns in the short term, you can consider other investment avenues. However, if you have a long investment horizon, investing in equities can give you the best returns.

### **Stock Market Tip: Understand Risk Tolerance**

Considering the volatility of the stock market, it is advisable to first understand your risk tolerance for any investment. Risk tolerance is an important part of the investing journey and varies from investor to investor. It is essentially the ability to tolerate market volatility and its effects on the value of an investment. An investor's low risk tolerance depends on either loss appetite or ability to tolerate anxiety during highly volatile markets. Low-risk investors often get nervous about selling their securities at the wrong time.

### **Stock Market Tip: Choose the Right Stock**

One should avoid investing in penny stocks and any stock based on word of mouth. Rather one should invest in stocks based on research and strong performance of the company. Another added benefit of this stock market tip is

that companies with strong performance can handle market volatility better and have stronger potential for better return on investment in the long run.

### **Stock Market Tip: Control Your Emotions**

One of the biggest hurdles in the way of investing in the stock market is the inability of investors to control their emotions while making decisions. The overall market performance and prices of companies reflect investor sentiment in the short term. This often leads to herd mentality, where an investor's decision is heavily influenced by the actions of other investors, rather than analyzing the situation to make a logical decision. Experts recommend investing in stocks when you have reasons to expect the stock to outperform in the future and make sure you aim to exit the investment. In other words, a buy and sell strategy is one of the most important stock market tactics.

## **Share Market Tip: Understand the Basics**

Before investing in any investment instrument, it is very important to take the time to understand its basics. Generally, investors avoid understanding the basics of the stock market, its functions and strategies, or avoid reading research reports or performance reports of companies before investing in them, as they involve complex number language and technical terminology. However, what investors fail to understand is that an effort put into understanding the terminology and strategies at once can help in making wise and informed decisions, which can result in better returns.

## **Stock Market Tip: Diversify Investing**

While all investors take utmost care to diversify investments across various investment instruments and maintain a balanced portfolio, investors often overlook the importance of diversifying equity investments. Diversifying equity investment implies investing in different sectors and industries. A diversified portfolio can better manage the effects of swings because often a downtrend in one sector causes an uptrend for another.

- worth doing
  - Always give preference to SEBI and Stock Exchange registered market intermediaries
  - Ensure clear communication with your agent, broker or intermediary.
- Read all the documents carefully before investing.
- Check the company's creditworthiness, management and other important information before ordering.
  - Beware of stocks showing rapid volatility.
  - Make investment decisions with proper research and analysis.

### **Not Doable:**

- Do not deal with unregistered brokers, sub-brokers, intermediaries.
- Do not blindly rely on herd mentality, media reports or speculations.
- Do not sign/submit any document without clearly understanding the terms and conditions of the same.
- Don't copy investment decisions.
- Don't invest according to emotions.
- Don't wait and time market.

# List of highest dividend paying stocks in India:

Investment is a must for a secure future in this volatile world. You probably know that if you invest in a company for a long period of time, you will get high returns. But apart from this, what other benefits do you get from investing in a company? Dividend, bonus, rights issue etc are other benefits that you can avail. You can buy shares of a company and sell it after many years when you feel it is the right time and it also depends on your needs and life-long goals. Before you start investing in a company, do a thorough study of the company. To get a clear picture of the financial position of the company, analyze its balance sheet, its future growth prospects etc.

You have to be careful in choosing the right company. It is essential to monitor the company in order to make the right investment decisions. There are many factors that can affect a share price. It is very important to stay updated with whatever happens in it. As the company grows, the value of the stock also increases. In this article, you will be able to understand about dividend. You have to invest in stocks with high dividend yield so that you can benefit regularly through receiving dividends from the company.

## What is a Dividend?

Dividend is the cash distributed by a company to its shareholders from its profit income. The company may also decide to reinvest its profits in the business without providing dividends. Dividends are decided by the board of directors of the company and have to be approved by the shareholders. Dividends are paid quarterly or annually.

### **dividend yield:**

Dividend yield is the ratio of dividends paid per share to the current market price.

$$\text{Dividend Yield} = \text{Cash Dividend per Share} / \text{Market Value of Share} * 100$$

### **Record date and prior date:**

A company that pays regular dividends is a financially sound company. Other terms you should know are record date and prior date. Record Date - The shareholders holding shares in the company on this particular date are eligible for dividend payment. Ex-dividend date – This is usually one day before the record date. If you buy shares on or after the X date, you will not get the

dividend.

dividend payout ratio:

It is the percentage of net income distributed to shareholders as dividends. It is not wise to invest in a company whose dividend payout ratio is more than 100% as the business will become unstable in the long run.

Now, let's look at the stocks that pay the highest dividends.

Sl No.	Company Name	PE Ratio	Dividend Yield
1	Coal India Limited	7.54	10.34%
2	Indian Oil Corporation Limited	4.91	10.36%
3	Rural Electrification Corporation Limited	3.19	9.39%
4	Power Finance Corporation Limited	2.76	8.14%
5	Hindustan Petroleum Corporation Limited	3.95	7.84%
6	PTC India Limited	7.28	6.79%
7	NMDC Limited	6.32	5.74%
8	Majestic Auto Limited	6.98	5.61%
9	HUDCO Limited	5.04	5.48%
10	Geekay Wires Limited	12.90	5.26%

## Technical analysis

It is related to the representation of demand and supply which technicians believe is reflected in terms of price patterns.

It examines past price and volume data (which is reflected in chart patterns) to predict future price movements.

Along with chart patterns, technicians also look at the performance of key technical indicators to determine the prevailing market trend or potential trend reversal.

## **Technical analysis is based on the following assumptions;**

1. Market Discounts Everything
2. Price moves in trends
3. History repeats itself

Fundamental analysis takes a relatively long-term approach because the data they analyze is released over a longer period of time. Financial statements are filed quarterly and the change in earnings per share does not happen on a daily basis like price and volume.

Technical analysis is of shorter duration in nature as compared to fundamental analysis. In general, technical analysis is used for trading whereas fundamental analysis is used for investing.

### **technical equipment:**

#### **Relative Strength Index (RSI):**

It is calculated by taking the average of the up-closes during 'n' periods and dividing by the average of the down-closes during the last 'n' days.

$$RSI = 100 - 100 / (1 + R_s)$$

The price usually reaches overbought levels when the RSI rises above 70 and reaches oversold when it drops below 30.

#### **Average Directional Index (ADX):**

It is a trend line indicator used to measure the strength of the current trend. It is a combination of measures of two price movements; Positive Directional Indicator (+DI) and Negative Directional Indicator (-DI). +DI measures the strength of the upward trend while -DI measures the strength of the downward trend. These two measures are also plotted along the ADX line. Measured on a scale between 0 and 100, a reading below 20 signals a weak trend, while a reading above 40 signals a strong trend.

## **Bollinger Bands:**

It consists of a moving average and a 2 S. D. charted one line above and one line below the moving average. symbolically,

$20 \text{ DMA} + 2 \text{ SD} = \text{Upper Band}$ ;  $20 \text{ dma} - 2 \text{ sd} = \text{lower band}$ .

Thus, according to the Bollinger Bands theory, prices will remain within a certain range, which is determined by recent price action.

The upper band usually indicates that the market has reached overbought territory and therefore there is a potential for a downward reversal in price, while the lower band indicates the market has reached oversold territory and therefore a potential upward reversal.

## **Moving Average (MA):**

It is the average price for a given period. It is called moving average because it shows the latest average following the same time measurement.

Moving averages are used by combining two averages from different time frames: in which, a buy signal is detected when the short term moving average crosses above the long term moving average or vice versa.

## **Moving Average Convergence and Divergence (MACD):**

It measures the degree of volatility between two exponential moving averages. Ideally, between a 12-day short-term EMA and a 26-day long-term EMA.

To generate buy/sell signals, 9 days EMA is calculated on MACD. symbolically,

$\text{MACD} = \text{Short Term EMA (12)} - \text{Long Term EMA (26)}$

MACD crosses above/below the trend line which suggests the beginning or end of the trend.

## **Fibonacci Retracement:**

It is used to determine how far and back the price has moved from the underlying trend. Retracement levels are; 38.2%, 50% and 61.8%. A Fibonacci series is a sequence of numbers starting from zero and placed in such a way that the value of any number in the series is the sum of the previous two numbers.

The Fibonacci sequence is as follows:

0, 1, 1, 2, 3, 5, 8, 13, 21, 34, 55, 89, 144, 233, 377, 610...

## **Take a look at the following:**

$$233 = 144 + 89$$

$$144 = 89 + 55$$

$$89 = 55 + 34$$

## **Interesting Features of Fibonacci Series:**

Divide any number in the series by the previous number; The ratio is always around 1.618.

For example:

$$610/377 = 1.618$$

$$377/233 = 1.618$$

$$233/144 = 1.618$$

A ratio of 1.618 is considered the Golden Ratio, also known as the Phi. Further in the ratio properties, one can obtain remarkable stability when a number in the Fibonacci series is divided by the number immediately following it. For example:

$$89/144 = 0.618$$

$$144/233 = 0.618$$

$$377/610 = 0.618$$

A similar consistency can be found when any number in the Fibonacci series is



divided by a number greater than two places.

For example:

$$13/34 = 0.382$$

$$21/55 = 0.382$$

$$34/89 = 0.382$$

0.382 when expressed as a percentage is 38.2%

Also, when a number in the Fibonacci series is divided by a number that is 3 places up, it has continuity.

For example:

$$13/55 = 0.236$$

$$21/89 = 0.236$$

$$34/144 = 0.236$$

$$55/233 = 0.236$$

0.236 when expressed as a percentage is 23.6%.

These retracement levels provide a good opportunity for traders to enter new positions in the direction of the trend. The Fibonacci ratios i.e. 61.8%, 50%, 38.2%, and 23.6% help traders to identify the potential range of retracements. Traders can use these levels to create new positions To enter a trend or place a stop loss against the current position.

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### **Dow Principle:**

It states that securities market performance is influenced by three cyclical trends, the primary being a long-term trend or move that confirms a bull or bear market, a secondary or intermediate trend that is short-term deviation from the underlying trend, and a short-term or tertiary trend. There is a reason. Daily fluctuations in any direction.

The Dow Theory is used to indicate trend and reversal in the market as well as in individual security. The basic principle is that there is a positive correlation between the trend and volume of traded stocks.

## **Elliot Wave Theory:**

Elliotians classify price movements into patterned waves that indicate future price targets and reversals.

Waves that move with the trend are called impulsive waves in 5 primary and 3 secondary trends. The motion of eight waves comprises one complete wave cycle.

Once the sequence is complete, the pattern repeats in a larger and smaller version of the same original pattern. The same is true for bear markets in which the pattern is reversal, followed by a three-wave rally followed by a five-wave decline.

The key to Elliott Waves is to be able to find the wave reference in question.

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## **Chart Types and Patterns:**

There are four main types of charts used by traders; Bar chart, candlestick chart and line chart.

### **Bar chart:**

Bar charts have all four price components including open, high, low and close. On a bar chart, the opening price is shown as a dash to the left of the vertical bar while the closing price is shown as a dash to the right of the vertical bar.

### **Candlestick Chart:**

A candlestick chart is similar to a bar chart but has more visual information. There are two different colors of candles with empty candle representing bullish while filled candle representing bearish.

It represents only the closing prices of the stock over a specified period of time. The line is formed by connecting the closing price in a given time frame.

Line charts do not provide visual information on trading ranges such as high, low and opening prices.

However, the closing price is often considered the most important price for the day.

