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ASSIGNMENT

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* Stock Market :-

Stock market is a crucial component of a nation's economy, influencing industrial growth, capital formation and foreign trade. It serves as a platform for businesses to raise capital and for investors to earn returns, impacting both domestic and international financial markets. The stock market is a public market that exists for issuing, buying and selling stocks that trade on a stock exchange.

Functions of stock market :-

- * Fair dealing in securities / transactions
- * Pricing of securities
- * Investor protection
- * Safety of transaction
- * Contributes to economic growth.

* Demat Account :-

Demat is the abbreviation for 'Dematerialisation'. It means to convert physical shares and securities into electronic form. A Demat account or dematerialised account provides the facility of holding shares and securities in an electronic format. It is used to hold financial securities like stocks, bond, mutual funds and ETFs in electronic form. It eliminates the need for physical share certificates, making trading more secure and convenient.

* Trading Account :-

A trading account is an investment account for transaction in securities. We can buy or sell assets frequently through our trading account. It acts as an investment account to hold your securities and other holdings. It is used to buy and sell financial securities like stocks, commodities and derivatives in stock market. It acts as a bridge between Demat Account and bank account.

How trading account works:

Transfer money from bank to trading account. Use broker's platform to buy/sell stocks.

The stock exchange processes the trade. Stocks bought are credited to demat account and stocks sold are debited.

* Sensex :

It is an investable index used to track the performance of India's 30 largest and most financially sound companies. These companies are listed on the BSE (Bombay Stock Exchange) and represent most of the biggest and important sectors of the Indian economy.

Sensex was launched on January 1st, 1986. It reflects overall stock market trends and investor sentiment. The list of 30 companies are periodically reviewed and updated. The top 30 companies are selected from IT, finance, energy and FMCG.

* NIFTY :

The NIFTY meaning is a derivation from the mix of two words, i.e., 'National Stock Exchange' and 'fifty'. It is a collection of top performing 50 equity stocks that are actively trading in the index. However, 51 stocks are currently trading on Nifty. Hence it is also known as Nifty50 or CNX Nifty.

It is the key indicator of Indian economy. It includes major players like IT, banking, FMCG, pharma etc. NSE updates the list periodically to ensure relevance. Nifty is calculated using free-float Market capitalisation method:

$$\text{Nifty} = \left(\frac{\sum (\text{Market cap of 50 companies})}{\text{Base Market cap}} \right) \times 1000$$

Nifty is used by investors, traders and policymakers to gauge market trends. It helps in benchmarking mutual funds and portfolios.