

How to Invest in Share Market

– Share Market Basics

– Is Stock Market Good or
Bad

No Tactics but basic knowledge
on stock market Investing



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– Share Market Basics

Disclaimer :

This eBook is not financial advice or a recommendation to buy or sell any particular stock.

Its purpose is to help you understand the basics of the share market so you can make informed decisions that fit your own goals and comfort with risk.

However, most of the things are regarding INDIAN STOCK MARKET but what you learn applies globally everywhere.

Before You Begin :

Before jumping into the world of investing, it's good to get familiar with a few simple but important ideas. These basics will help you see the bigger picture – what the share market really is, how it works, and how to approach it wisely.

Also, stay connected with sundaysprout.com for better info, [Investopedia](#) is also a good source of info for learning Stock Market.

Best FREE SOURCES for Stock Market KNOWLEDGE are :

**[Google Finance](#) &
[Yahoo Finance](#)**

The Info Given in This PDF is still very Limited, for better Info you can see more blogs on sundaysprout.com,

Here you can read [How Much risky is Stock Market...](#)

Here you can find more info on Safer Investment than Share Market or Stock Market Alternatives.

1. Is the Share Market Better or a Bank FD Better?

A Bank Fixed Deposit (FD) gives steady and guaranteed returns. You deposit once, and the bank pays interest at a fixed rate. There's no daily market tension, and you know exactly what you'll get back.

The share market, on the other hand, moves up and down. Prices change based on company performance, global news, and investor mood. It's riskier — but it can also offer higher returns if you make thoughtful choices and stay invested patiently.

In Short

**Banks are safer Investments
most of the times,**

**Stock Markets are considered
very risky.**



In simple terms:

- **FDs are for safety and stability.**
- **Shares are for growth and long-term wealth building.**

Regarding Share Market, It is I would say you only Invest the Money that you can take risk of losing, Plus get a good FD in the banks as well.

It is true that Stock Market can make you wealthy but Bank FDs are also not bad.

2. Why to Invest in the Share Market?

People invest in the share market because it gives their money a chance to grow faster than traditional options like FDs or savings accounts.

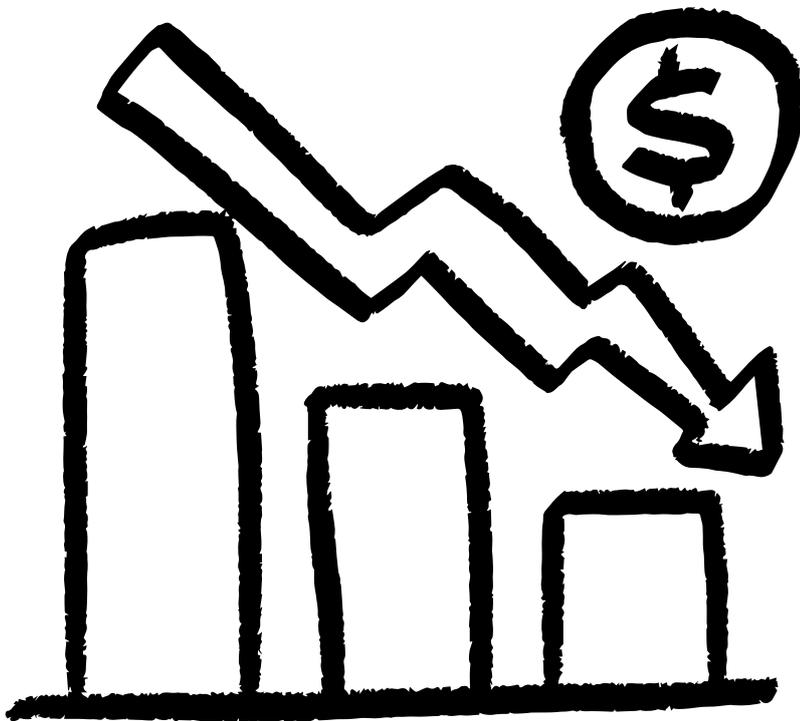
Of course, there's risk — prices can rise or fall anytime. That's why successful investors rely on luck also; they understand what they invest in and make decisions with awareness.

Even SEBI (India's market regulator) notes that most short-term traders lose money.

The few who do well usually invest with research and patience & long term.

So, the stock market isn't about guessing – it's about understanding.

Those who learn the basics, stay patient, and make informed moves often end up doing well over time & they need luck also.



3. Bank FD vs. Share Market – A Quick Comparison

– Bank FDs RETURNS are fixed & Stock Market returns can be high or low.

– With Banks Risks are very Low & with Stocks Market there are higher risks.

4. Risk in the Share Market

1. **-Market Risk** – Prices can rise or fall due to overall market movements, economic conditions, or global events.
2. **Company Risk** – A company's poor performance, bad management decisions, or scandals can cause its stock price to drop.
3. **Economic Risk** – Inflation, interest rate changes, or economic slowdowns can affect stock returns.

Share Market is Risky :

- 1. Political Risk – Government policies, taxation, or political instability can influence the market.**
- 2. Liquidity Risk – Some stocks are difficult to sell quickly without affecting their price.**
- 3. Emotional Risk – Many investors lose money by reacting emotionally – buying in panic or selling in fear.**
- 4. Regulatory Risk – Changes in rules by SEBI or other authorities can affect certain sectors or trading activities.**

- 1. Regulatory Risk – Changes in rules by SEBI or other authorities can affect certain sectors or trading activities.**
- 2. Sector Risk – Stocks from a specific industry may fall if that sector faces problems (e.g., oil, IT, or banking).**
- 3. Global Risk – International events like wars, pandemics, or global recessions can affect even Indian market.**

 **The key is not to avoid risk, but to understand and manage it. Diversification, research, and patience are your best tools.**

5. How to Study the Share Market

Learning the market is easier than it seems. You don't need to be an expert — just start with curiosity and consistency.

Here's how:

- **Read news & reports:** Keep up with business headlines and company updates.
- **Watch patterns:** See how markets react to events like elections, results, or oil prices.
- **Understand basics:** Learn what “Nifty,” “Sensex,” “market cap,” and “PE ratio” mean.
- **Observe, don't rush:** Watch before investing — just like learning to swim by watching others first.

 The more you understand, the more confident and calm you'll feel about your investments.

Stay Connected with Sunday Sprout also for Share Market Analysis.

How to Study The Stocks Market

Learn Fundamental Analysis like learning about Debt/Equity, PE etc which is called Fundamental Analysis.

– The other way is to learn about Daily, Monthly or Yearly Charts. Chart Patterns reading is mostly used in Daily trading.

6. Benefits of the Share Market

The share market offers opportunities that traditional savings cannot:

- 1. Wealth Creation: Over time, good stocks can multiply your money through price growth and dividends.**
 - 2. Beating Inflation: While inflation eats into savings, the stock market can help your wealth grow faster.**
 - 3. Ownership: When you buy shares, you actually own a small part of a company.**
 - 4. Liquidity: You can sell shares anytime – unlike property or long-term deposits.**
 - 5. Learning: The market teaches patience, decision-making, and financial awareness.**
- ✅ It's not just about returns; it's also about developing a sharper financial mindset.**

However there benefits to Share Market but Risks are also there.

7. Why So Many People Want to Invest in the Share Market

Simple – everyone wants their money to grow. The market offers the thrill of opportunity and the satisfaction of progress.

– Technology has made investing easy – you can now buy or sell shares from your phone in seconds. Plus, social media and finance influencers have made the market more popular than ever.

However, the key difference between new and experienced investors is expectation.

Beginners often look for quick profit, while seasoned investors think in years, not days.

 Think long term. The market rewards patience more than speed.

8. Share Market Basics

At its core, the share market is a place where people buy and sell small parts of companies, known as shares. When you buy a share, you become a part-owner of that company.

If the company does well, the value of your share may rise – and sometimes, you may also earn dividends (a small portion of the company's profits).

But if the company performs **poorly or the market turns weak**, share prices can fall & you might see losses.

So, the idea is simple:

Invest in good companies that grow steadily – and stay invested long enough to enjoy the results.

9. How the Share Market Works

The share market runs on a simple system of demand and supply.

- **When more people want to buy a stock, its price goes up.**
- **When more want to sell, the price drops.**

Behind the scenes, stock exchanges, brokers, and regulators make sure every transaction happens smoothly and transparently.

You can think of the market as a digital bazaar for shares, where every buyer finds a seller — all in real time.

How Share Market Works

The market has two main segments:

- **Primary Market: Where companies first sell their shares to the public (through IPOs).**
- **Secondary Market: Where people trade those shares among themselves (like on NSE or BSE).**

 **Tip: Most daily trading happens in the secondary market – that's where you'll spend most of your time as an investor.**

10. Stock Exchanges in India

India mainly has two major stock exchanges:

- **BSE (Bombay Stock Exchange) – established in 1875, one of the oldest in Asia.**
- **NSE (National Stock Exchange) – started in 1992, known for its advanced electronic trading system.**

Both function under SEBI's supervision to ensure fairness, transparency, and investor protection.

They list thousands of companies, from large corporations to smaller growing businesses.

 **The BSE's index is Sensex, and NSE's index is Nifty 50 – these show how the overall market is performing.**

11. How to Start in the Share Market

Getting started today is easier than ever:

Open a Demat and Trading Account:

You'll need both to buy and hold shares digitally. Most brokers let you do this online.

Link Your Bank Account:

This allows smooth money transfers between your trading account and your bank.

Learn the Basics:

Spend time understanding market terms, types of orders, and how trades are executed.

Start Small:

Begin with a small amount. Don't worry about profits early on – focus on learning.

 **Many investors start by observing markets daily before making their first investment.**

That small habit builds confidence.

12. Types of Investors

Every investor has a unique style, depending on goals, mindset, and time frame:

- **Long-Term Investors:** They buy and hold for years, aiming for steady growth.
- **Short-Term Traders:** They buy and sell within days or weeks, looking for quick gains.
- **Swing Traders:** They hold for a few weeks or months, catching short trends.
- **Value Investors:** They find fundamentally strong companies at low prices.
- **Speculators:** They bet on quick moves – often risky but sometimes rewarding.

No single style is “right.” The best one is the one that fits your comfort level and patience.

- ✓ The secret is to know yourself first, then choose the strategy that matches your mindset.

13. How Share Prices Are Decided

Share prices move because of demand and supply – but what drives that demand?

It's mainly expectation.

If investors believe a company will grow, they buy its shares – prices rise.

If they expect weak results or bad news, they sell – prices fall.

Here's what influences a company's share price:

- Company performance (profits, growth, new products)
- Economic and political news
- Market sentiment and trends
- Global events like oil prices or US market changes

 **Tip:** Prices may fluctuate daily, but in the long run, good companies reflect their true value.

14. Types of Companies in the Market

When you explore the market, you'll find different kinds of companies:

- **Large-Cap: Big, established companies like Reliance, TCS, Infosys – safer, stable, and steady.**
- **Mid-Cap: Medium-sized companies – a balance between risk and growth.**
- **Small-Cap: Smaller, growing companies – more risk but higher potential returns.**

Each has a role in your portfolio. Many investors keep a mix – large caps for safety, small and mid caps for growth.

15. Emotional Control in the Stock Market

This is where most people lose money – not because of bad stocks, but because of emotions.

Greed makes investors chase rising stocks.

Fear makes them sell too early.

Overconfidence makes them ignore warnings.

– Selling in Fear is natural also, as told earlier Stock Market is risky. **The Best thing you can do is that Invest only that much that you can afford to lose, Invest Small.**

Important Note :

The Real thing is that losing emotions & patience is ok but the thing is that you should already know & Invest only that much that you can afford to lose.

16. Role of SEBI and Market Regulators

SEBI (Securities and Exchange Board of India) keeps the market fair and transparent. It protects investors, monitors brokers, and ensures companies share accurate information.

Here's what SEBI does:

- **Regulates IPOs and listings**
- **Keeps a check on fraud and manipulation**
- **Protects small investors**
- **Sets trading and reporting rules**

Along with stock exchanges (NSE, BSE) and depositories (NSDL, CDSL), SEBI maintains the structure that keeps India's market trustworthy and efficient.

✔ Thanks to SEBI, investing in India today is more transparent and secure than ever before.

17. Taxes on Share Market Investments (Basic Overview)

There are Plenty of things Taxable in the Share Market

Tip: Always keep track of your transactions and use your broker's annual report for easy tax filing.

Plus, In your Calculations, count on Taxes also, however these days tax related things are easily handled.

18. Dividends and Passive Income

Dividends are a simple but beautiful concept – companies share a part of their profit with you because you're an owner.

Not every company gives dividends, but the ones that do (like ITC, Coal India, Infosys) often have steady businesses and strong cash flow.

For many investors, dividends become a source of passive income, especially when they hold shares for years.

✔ The best part? You earn even when you don't sell.

19. Mutual Funds – A Simple Way to Invest

If you don't have time or experience to pick stocks yourself, mutual funds are a great option.

A mutual fund collects money from many investors and invests it in different companies on your behalf.

A professional fund manager does the research, buying, and monitoring.

You can start small – even ₹500 a month through SIP (Systematic Investment Plan).

– However, I do not sell Mutual Funds but I will try to cover this topic in my content.

Types of mutual funds:

- **Equity Funds: Invest mainly in stocks for higher returns.**
- **Debt Funds: Safer, invest in bonds or government securities.**
- **Hybrid Funds: Mix of both.**



Mutual funds let you enjoy the benefits of the share market –

without needing to track it every day.

Note : Mutual Funds have their own risks so make better understanding before investing in Mutual Funds.

20. Final Thoughts – Your Investment Journey

The share market isn't a game of luck or magic. It's a journey of learning, patience, and growth.

Some people make quick profits, but most success stories are built slowly – through steady investing, smart decisions, and a calm mindset.

You'll make mistakes, and that's okay. Every investor does. What matters is learning from them and staying consistent.

Start small. Stay curious. Keep learning. With time and experience, your money – and your confidence – will both grow beautifully.

 **The market rewards those who think long term, stay patient, and let knowledge guide their path.**

In the End I would go for One more stat & that is that 9 out of 10 People lose their money in the Options trading which is not a form of Long Term Investing as per SEBI.

So, Invest in the Share Market & Mutual Funds only after doing proper research.

Plus, we also learn that Bank FDs are considered most of the times safer.

Stay Connected & Subscribe to the Free Emails of Sunday Sprout, You can Join our Free Facebook Groups also.

In The End Stock Market related Free Knowledge base is important to share so that your Knowledge cannot be limited :

Best FREE SOURCES for Stock Market related KNOWLEDGE are :

**[Google Finance](#) &
[Yahoo Finance](#)**

Plus, always think & get enough info before taking Stock Market related Decisions

Good Luck