

The Indian Financial Market Is Touted as Benchmark in Today's Global Economic Scenario

Sneha Sharma

Abstract: To describe my contents in a concise manner the above topic throws light on credentials of a Indian financial market in both theoretical and pragmatic ways. Through this I want to highlight the working of share markets and how a common investor can achieve better return from his or her capital investment. Profit is the only “mantra” that can drive success in a capital market and for ensuring profitability one needs knowledge and self-interest. I feel privileged to write this topic and describe my own experiences of share market in a pictorial and best possible manner.

Keywords: Financial Market, describe my own experiences of share market, “mantra”.

1. INTRODUCTION

At present our country represents itself as the fifth largest economy in the world after US, China, Japan and UK. The current GDP stands at around 7% of the total and it will definitely touch around 9% in coming fiscal years. Agriculture being the still biggest employer of most Indians, the current account deficit surged to 4.1% of GDP. In context of capital market which constitutes the important sector of financial market, the fluctuating situation of SENSEX has created a greater impact on shareholders, investors and companies. Though the banking sector has gained stability but various sectors like IT, Pharma & automobiles has been affected widely.

In other words I want to state further that market is a backbone of Indian economy and regulatory structure of monetary system. With respect to china and US and specially Europe, India stands in a more stable condition as far as liquidity is concerned. Basically financial markets trades in money and their price is the rate of return the buyer expects his financial assets to yield. the value of financial assets changes with the investor expectations on earnings or interest rates. Any investors seeks the highest return for a given level of risk (by paying the lowest price) and users of funds attempt to borrow at lowest rates possible so investors receive the highest return and the users obtain funds at the lowest cost to sum up a financial system may be defined as a set of institutions, instruments and markets which fosters savings and channels them to their efficient uses the system comprises of savers, intermediaries, markets and users of savers in the form of govt, public & private sector entities. A well-developed market creates a balancing act in which capital markets provides liquidity to meet any surge in demand for liquidity in times of financial crisis so they are necessary to derive appropriate reference rates for pricing financial assets. Undoubtedly FDI plays a supporting role in Indian market for creating a equilibrium between rupee & dollar.

2. SUBJECTIVE

Coming to theoretical portion of my research paper the Indian financial market is divided into two categories viz primary and secondary market. Basically a financial market can be defined as the market in which financial assets are created or transferred. As against a real transaction that involves exchange of money for real goods or services, a financial transaction requires creation or transfer of assets.

The term “finance” in our simple understanding is perceived as equivalent to ‘money’ a means of exchanging one goods with another for basic consumption. The channel goes like this produce/manufacturer-wholesaler-retailer- distributor-consumer-customer satisfaction (foremost requirement).

We read about money and banking in economics, about monetary theory and practice and ‘public finance’ but finance is not exactly money it is the source of providing funds for a particular activity.

Thus finance as a function is defined as the management of money in banking, insurance and investment sectors. The functional nature of finance is categorized into investment decision, dividend decision, liquidity/financial decision. This factors is implemented in both money and capital markets

Financial instruments represents a claim to the payment of a sum of money sometime in the future and / or periodic payment in the form of interest or dividend. A broader primary market is again divided into capital mkt and money mkt system. While stock/share market amalgamated into capital market and money market comprised of commercial bills, treasury bills, CPs.

Like for example capital market is always dynamic in nature and so its stability & liquidity conditions is always questioned basically it sets a benchmark for the market scene.

How the mkt and its related commodities behave with respect to producers,consumers and services is reflected through capital market system.As the name suggests in primary market new securities are issued and it is the traded in the secondary market. To sum up,the three important functions of financial markets are:

Price discovery process which results from the interaction of buyers and sellers in the mkt where they trade their assets.

Provision of liquidity by providing a mechanisms for an investor to sell his financial assets and low cost of transaction and information.

Here time is precious resource so using it accordingly as per guidelines is important. Once Bill Gates wrote that being a jealous protector of his time was an important lesson he had learned from great investor Buffet. Ignoring a opportunity is like missing a bus which becomes difficult to chase.

For making it more convenient SENSEX (also called sensitive index) was introduced.it served as a barometer for securities , assets present in both banks and companies .NSE started its first operational business in 1994 and since then more than 1500 securities are being traded every day.

It provides the clear cut view of price level ,its portfolio structure and liquidity condition of each equity, currencies and commodity .if one needs to look up in derivatives he can go for “call & put” options.

whether the price goes up or down or is it reliable enough for the investor to buy or sell is decided mostly by share market system.it serves as a boon for the investor to invest his money as capital and earning them back with profit.it is also necessary to understand its “bullish”(rising tendency) & “bearish” (falling nature).investment is nothing but a wiser expectation of profit avoiding the risks. With the advent of technological and internet progress, online trading came into being for providing the convenience to many investors at one point of time. many research oriented companies like ways to capital , make my money,moneycontrol.com served as stock broking intermediaries for gaining the confidence of investors and giving them direction for right investment in right portfolio. In my opinion furnishing better return from SIP,MFs is a more lucrative and comfortable option these days because it is less riskier as compared to other ventures like commodities & currencies.

Today internet is an indispensable object so its contribution in the field of banking sectors and share mkt system cant be ignored. Many viewers and investors drench themselves in the sea of share business with the hope of profitable returns from their capital. Simply by browsing one can get the glimpse of many shares with their target price and stop loss. “Green” colour shows rise in price and “red” shows fall in price of shares.

Being an MBA (finance) I felt an opportunity to indulge myself in this business as it also served as a platform for exploring my knowledge in more efficient way as it helped me in keeping touch with current affairs of Indian economy and its counterparts neighbouring countries like US, China.

At first instance it seemed to be a risky venture for me but news channels like CNBC and ZEE business facilitated the guidelines. coming to the fundamentals, share trading is done on four major aspects and so it comprises of equity, commodity, currencies and future-options.(call & put).While equity being a diversified and core mkt, commodities is fluctuating and riskiest of all. equity sector is differentiated into large cap, midcap and small cap as per the capitalisation structure and cost of capital of the organizations concerned, an investor may go for intra-day trading or holding options. In terms of finance, Equity is defined as the combination of owner funds and liabilities i.e. the difference between the value of assets/interest and the cost of liabilities of something owned. For instance if someone owns a car worth 4,00,000 and owes a liability/EMI of 150,000 then the car represents a equity of 2,50,000. This is reflected in every companies balance sheet and so it forms the working mechanism of any blue-chip company. On the other hand Commodities is a separate business which comprises of crude oil, gold, silver, copper, zinc, nickel (mining products) and agri-products like pulses, spices etc.it is divided into hard and soft one.

Hard commodities are those which are extracted through minning and soft commodities are grown by agricultural means. Commodity trading news updates can be fetched through "Mandi bazaar" programme on zee business.

My trading experience is mostly in the equity sector and for any first user equity trading can be more convenient and learning platform. through sharekhan as a important reaserch franchisee and online trading company I opened up my account with a starting amount of 32000 rupees as base capital.

in terms of financial terms, equity trading is buying and selling of shares in primary mkt and secondary mkt respectively. the major stock exchanges in india are NSE,BSE & NIFTY.

More than 1300 securities and around 600 is being traded on NSE & BSE. As a beginner equity trading served as twisted tool for me and so Sharekhan provided the helping hand for removing my confusions and furnished with the necessary information's like intraday trading and holding up the portfolio. It gives brokerage services to its clients like opening of DEMAT acc, suggestions to new investors .its online trading portal "trade tiger" furnished the information of market watch, news, accounts, fund transfer, portfolio, research reports and order status.

Sharekhan as a business franchisee has seen an incredible growth since last 10 years with its physical presence of more than 1800 offices nationally and it is internationally located in UAE & Oman.

Some of my trading investments are as given below: my client code/ customer ID is 1638149

3. TRADING INVESTMENTS

YESBK +100 @284.60

YESBK +100@800

YESBK -100@812.55

UNIONBK +500@175.25

YESBK -100@820.32

On 08/07

EQ Bill 27813.47 Dr

Mrgd bal 4917.23 Cr inc Mgn

On 13/07

EQ Bill 81056.27 Cr

Mrgd bal 33407.09 Cr inc Mgn

On 15/07

EQ Bill 81050.57 Dr

Mrgd bal 47643.48 Dr inc Mgn

On 16/07

EQ Bill 6753.87 Dr

Mrgd Bal 54397.35 Dr inc Mgn

On 23/07

109 union bank shares debited

On 31/07

75 union bank shares debited

On 17/08

24 Mahindcie debited

NSDL .

regulated through kotak mahindra bank.

EQ 27/11

Ashokley (-100 @96.25)

EQ Bill 9558.92 Cr

Mrgl bal 15469.59 cr Inc Mgn

23/12/15 (-80 shares of BOB)

EQ Bill 12710.66 Dr

Mrgd Bal 3781.46 Cr inc

Upto 18/01/16 On hold.

4. CONCLUSION

At last I want to conclude my small yet consequential article on the note that finance is a vast subject as it deals with both subjective and numerical points of views. Any common student or user will need to go through its contents, points in a step by step manner rather than running hurriedly or haphazardly. It is a subject of patience & so requires consistency. While dealing as a trader I noticed that investment in equity or commodity requires deeper understanding and without homework or rooted knowledge one may become a loser in this big game of money. constant reading of newspapers like economic times, TOI, Financial express & also viewing of news channels like CNBC, NDTV Profit can fetch a lot of help and up gradation of skills. If one remains in touch with his or her respective RM of any trading company it can also provide suggestions regarding investments thereby ensuring profit.

Therefore profit lies in your mind on how one captures or achieves it within a stipulated time. It needs efficiency and patience because it is not a blind game. As said by reputed Warren Buffett "investing in yourself is the best thing you can do i.e. anything that can improve your talents". last but not least Indian market is still dependent on agricultural productivity so its enhancement is equally important in parallel to other spheres like FMCG, IT, Pharmaceuticals & commodity (crude oil). So capital market being a regulator requires stability, planning & controlling and widespread development of agri-based industries for stronger competence at global level.

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