

Investing in Stock Markets

Course title & Code	Credits	Credit distribution of the course			Eligibility criteria	Pre-requisite of the course (if any)
		Lecture	Tutorial	Practical/ Practice		
Investing in Stock Markets	4	3	1	0	Pass in Class XII	NIL

Learning Objectives

The course aims to familiarize the students with the skills required to operate in the stock market. They can learn the trading mechanism of the stock exchanges.

Learning Outcomes

After completion of the course, learners will be able to:

1. Recognise the basic principles of investing in stock market.
2. Analyse stocks under the Economy, Industry, Company (EIC) framework.
3. Apply Technical Analysis tools to take investment decisions.
4. Analyse the working of Indian stock market.
5. Analyse the different types of mutual fund schemes.

Course Contents:

Unit 1: Basics of Investing (9 hours)

Basics of Investment & Investment Environment. Concept of Risk and Return, Risk and Return trade-off, Types of Investing and Investors. Avenues of Investments - Equity shares, Preference shares, Bonds & Debentures, Insurance Schemes, Mutual Funds, Index Funds, ETF. Security Markets - Primary Market, Secondary Market and Derivative Market. Responsible Investment.

Unit 2: Fundamental Analysis and Technical Analysis (18 hours)

(A) Fundamental Analysis (9 hours)

Top-down and bottom-up approaches, Analysis of international & domestic economic scenario, Industry analysis, Company analysis (Quality of management, financial analysis: Both Annual and Quarterly, Income statement analysis, position statement analysis including key financial ratios, Cash flow statement analysis, EBIT, Capital gearing ratio, Return on Investment, Return on Equity, EPS and DPS analysis, Industry market ratios: Operating Profit Ratio, Net Profit Ratio, PE, PEG, Price over sales, Price over book value, Dividend Yield, Earning Yield, DebtEquity Ratio, EVA). Understanding the Shareholding pattern of the company.

(B) Technical Analysis (9 hours)

Trading rules (credit balance theory, confidence index, filter rules, market breadth, advances vs declines) and charting (use of historic prices, simple moving average and MACD, basic and advanced interactive charts). Do's & Don't s of investing in markets.

Unit 3: Indian Stock Market (9 hours)

Primary Markets (Initial Public Offering, Follow on Public Offering, Private placement, offload Promoters' shares), Secondary Markets (cash market and derivative market: Futures and Options), Market Participants: Stock Broker, Investor, Depositories, Clearing House, Stock Exchanges. Role of

stock exchanges, Stock exchanges in India- BSE, NSE and MCX. Security Market Indices: Nifty, Sensex and Sectoral indices, Sources of financial information. Trading in securities: DEMAT trading, types of orders, using brokerage and analyst recommendations.

Unit 4: Investing in Mutual Funds (9 hours)

Concept and background on Mutual Funds: Advantages, Disadvantages of investing in Mutual Funds, Types of Mutual funds:- Open-ended, close-ended, equity, debt, hybrid, index funds, Exchange Traded Funds and money market funds. Factors affecting the choice of mutual funds. CRISIL mutual fund ranking and its usage, calculation and use of Net Asset Value.

Exercises

The learners are required to:

1. Recognise the basic principles of investing in stock market and assess the risk and return of stocks under SENSEX.
2. Choose any company in India and perform EIC analysis to evaluate its stock.
3. Make an investment decision for any stock using tools of technical analysis.
4. Analyse the working of Indian stock market.
5. Evaluate the performance of different mutual fund schemes.

Suggested Readings

- Chandra, P. (2021). Investment Analysis and Portfolio Management. Delhi, India: Tata McGraw Hill Education.
- Kevin, S. (2019). Security Analysis and Portfolio Management. Delhi, India: PHI Learning.
- Kumar V., Kumar N., & Sethi R. (2019). Investing in Stock Markets. Delhi, India: Ane Books.
- Pandian, P. (2020). Security Analysis and Portfolio Management. Delhi, India: Vikas Publishing House.
- Ranganatham, M., & Madhumathi, R. (2019). Security Analysis and Portfolio Management. Delhi, India: Pearson Education.
- Singh J.K., & Singh A.K. (2019). Investing in Stock Markets. Delhi, India: A K Publications.
- Tripathi V., & Pawar N. (2023). Investing in Stock Markets. Delhi, India: Taxmann Publications.

Note: Suggested readings will be updated by the Department of Commerce and uploaded on Department's website.