

## **Part 2 - Understand the Basics of Share Market in Just 30 minutes**

Q. What is a share?

Q. What are securities?

Q. Why do companies/institutions issue shares?

Q. Why causes share prices to rise and fall?

Q. How do investors earn profits from investing in shares?

Face Value of a share (book value/nominal value)

Market value of the share/Current market price (CMP)

Market capitalization of a company (Market Cap)

Classifying companies based on the size of their Market Cap

1. Large Cap (Large Market Capitalization) companies:
2. Mid Cap
3. Small Cap

Difference between Listed and Unlisted Companies

Unlisted / Unquoted companies (Unlisted / Unquoted shares)

Listed / Quoted companies (Listed / Quoted shares)

Types of positions taken by Investors in the share market

- Long Positions
- Short Positions
- Short Selling
- Squaring off Positions

### **Different types of shares**

1. Common shares (Equity shares)
2. Preference shares

Priority of different type of securities to receive Dividend/Liquidation payments

### **The main attributes of a Preference share**

1. Dividend rate
2. Par value or liquidation value

### **Q. What is the tax to be paid for profits made by investing/trading in securities?**

- Long term capital gain (LTCG)
- Short term capital gain (STCG)
- Security transaction tax (STT)
- Indexation
- Cost Inflation Index (CII)