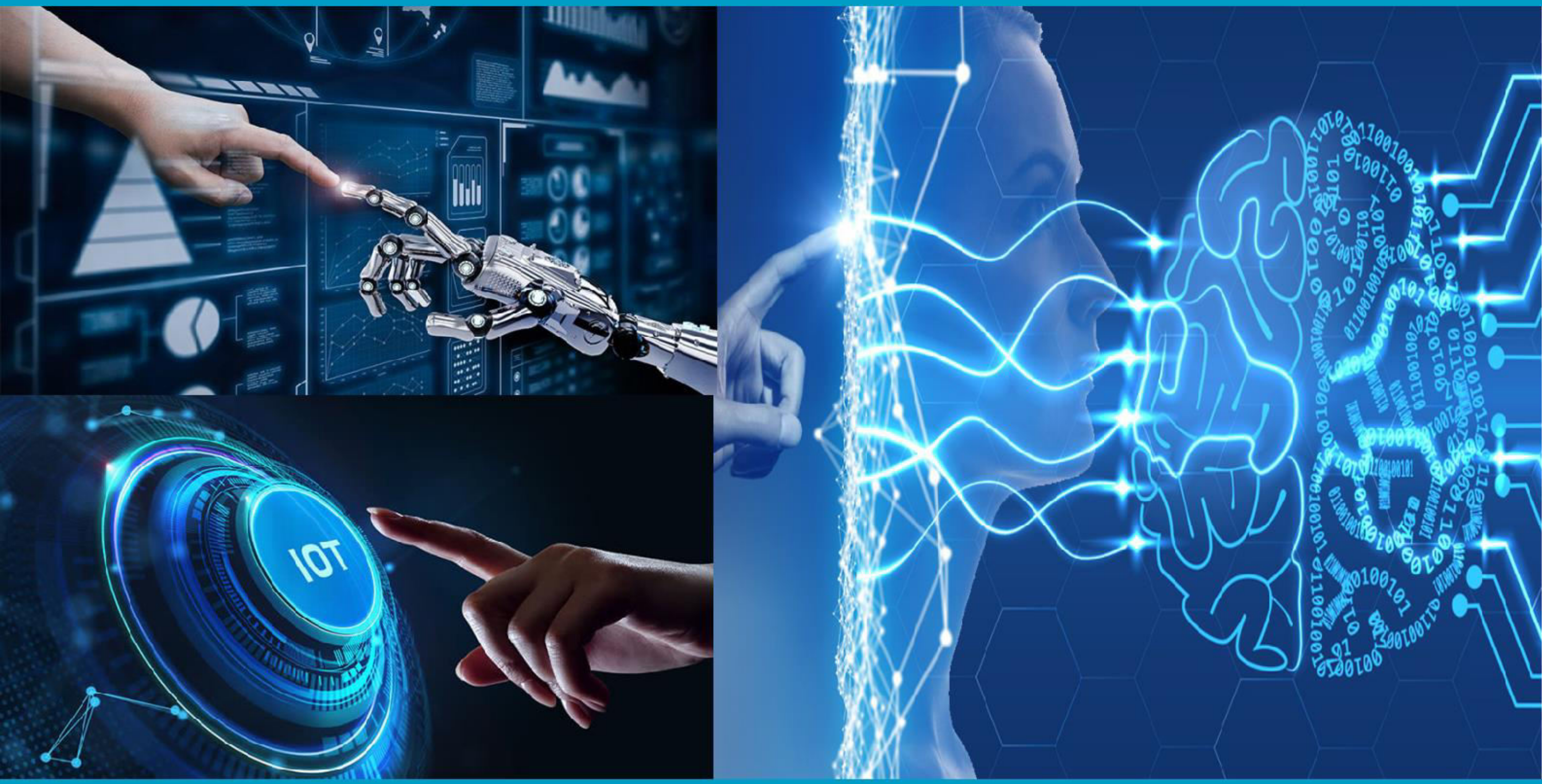
IJMRSETM

e-ISSN: 2395 - 7639



INTERNATIONAL JOURNAL OF MULTIDISCIPLINARY RESEARCH

IN SCIENCE, ENGINEERING, TECHNOLOGY AND MANAGEMENT

Volume 10, Issue 3, March 2023

INTERNATIONAL STANDARD SERIAL NUMBER INDIA

Impact Factor: 7.580

| ISSN: 2395-7639 | www.ijmrsetm.com | Impact Factor: 7.580| A Monthly Double-Blind Peer Reviewed Journal |

| Volume 10, Issue 3, March 2023 |

| DOI: 10.15680/IJMRSETM.2023.1003013 |

An Empirical Study on Equity Stock Market

Abhishek Yadav, Reshma S, Prof Prithwiraj Das

Student, Department of Management Studies, AIMS IBS Business School, India

Student, Department of Management Studies, AIMS IBS Business School, India

AIMS IBS Business School, India

ABSTRACT: In Stock Market Prediction, the aim is to predict the future value of the financial stocks of a company. Stock market are venues where buyers and sellers meet to exchange equity shares of public corporations. Equity markets plays an important role in a market-based economy. They provide capital raising, liquidity, and investment options. They think it is too complex but it's not as they think difference is that they have old knowledge they try to gain up to that only so, they must update knowledge on day-to-day old information is with everyone. Before they enter market, they have to decide for how much actual return they are here which makes satisfied such has fixed deposit they get 5.6% p.a. for which they are ready to wait for 1year. Similarly, they have to decide for how much return they are in stock market in place of 5% they can get 10% easily no worries for that they can earn it with safety by investing in INDEX FUND around an average of 12% to 16% without any tension in index fund or else in India's top Nifty50 large cap company they can invest and earn money example Reliance Industry within 5years they can get 100 to 200% return without tension, TCS, Infosys, Britannia etc. are some examples at current market. By investing in top company, they can earn gradually about 20to30% CAGR in such stock they have less risk sometimes volatility occurs due to recession or some bad news at that time it may take longer time has they assumed.

I. INTRODUCTION

In Stock Market Prediction, the aim is to predict the future value of the financial stocks of a company.
What is Stock market?
Stock market are venues where buyers and sellers meet to exchange equity shares of public corporations.
What are the different instruments of stock market?

- Shares
- Derivatives
- Bonds and
- Mutual funds

Why is equity important in stock market?
Equity markets plays an important role in a market-based economy. They provide capital raising, liquidity, and investment options.
Understanding how stock market works
They think it is too complex but it's not as they think difference is that they have old knowledge they try to gain up to that only so, they must update knowledge on day-to-day old information is with everyone. Before they enter market, they have to decide for how much actual return they are here which makes satisfied such has fixed deposit they get 5.6% p.a. for which they are ready to wait for 1year. Similarly, they have to decide for how much return they are in stock market in place of 5% they can get 10% easily no worries for that they can earn it with safety by investing in INDEX FUND around an average of 12% to 16% without any tension in index fund or else in India's top Nifty50 large cap company they can invest and earn money example Reliance Industry within 5years they can get 100 to 200% return without tension, TCS, Infosys, Britannia etc. are some examples at current market. By investing in top company, they can earn gradually about 20to30% CAGR in such stock they have less risk sometimes volatility occurs due to recession or some bad news at that time it may take longer time has they assumed.

Objective:
Understanding basic of Stock
How do you plan to collect the data?
Gained knowledge from reading book
Findings and Review

| ISSN: 2395-7639 | www.ijmrsetm.com | Impact Factor: 7.580| A Monthly Double-Blind Peer Reviewed Journal |

| Volume 10, Issue 3, March 2023 |

| DOI: 10.15680/IJMRSETM.2023.1003013 |

They can do SIP which means investing some fixed amount monthly. Suppose if they are investing 5000monthly for long term in upcoming future the amount they invested will increase into a huge amount with compounding. Compounding is such a powerful instrument that can make world vibrate. In India or the world's richest persons all of them invest in stock market except poor people. Poor not in the form of money or wealth but in the form of knowledge. If they have proper knowledge about stock market within 5year they can become milliner. It not that they don't have money they are poor, if they have knowledge, they can lead this world. Nowadays knowledge can be gained easily through internet which is very cheap. In every one's mobile internet is available, but they are not using for proper work, if they use properly, they can gain knowledge easily about stock market by which they can make more profit.
Let's see the difference between stock market and reality. Why people tell they make losses in market? Has they all know about Biology or any subject which they learn in the university any topic from any university if they search in internet they will get full biodata in detail from a topic to full book is available but if they will search about stock market they will not get appropriate information because out of lakhs of people only few are aware about it and wanted to share the information this is the main difference in knowledge they don't want to know the information which whole world knows. Does anyone think that he/she wants to become rich? no right has richer can be only some few countable only they become richer because they do have some unique knowledge. In India around 4.5% peoples invest in stock market ,in India everyone students try to do higher education and try to get jobs but also they won't become successful, if they know basic or advance level of stock market they can earn money by sharing it to people in a package or course form people are ready to pay 30k-40k per course that to only one time they have to make video but they have to make security like if one customer buys it he/she can't share to some another. Problem is that they don't have knowledge about it, and they don't want to gain knowledge about it. Poor is becoming poorer rich is becoming richer because rich person know the taste of the knowledge but poor person knowns how to waste the knowledge. Knowledge is the only one thing which make difference between rich and poor. Another thing is that they can take knowledge and suggestions from others but not money they will give when they show their talent or help them for their success.

II. INTERPRETATION

Before investing in any company in the stock market, they should research some terms like how much the company earns. How is the company's balance sheet? How is the cash flow statement? How is the company's product? Take complete detail information about the company and then buy it, then they will be benefited in the long run. The fundamental information of the company must be taken, but only taking the fundamental information of the company does not do everything. For that we need to know about the company's competitor. One must know about the company's product and what is the business of the company and what is the strength of the company. All these things we should know and then. Check the annual report of the company. Look at the last 5 years, what does the management did and want to do? Who else is in the company? What management skill they have and experience. They also need to know whether the company is operating only in India or outside India. It is very important to see because as far a company sends the goods, the more they will be benefit. If they sell goods only in our locality, then the company will not get much benefit, if they want to become a big company, then remember that they must export as much as possible. It is good for the country as well as Reliance, Infosys, TCS it works all over the world. In the coming days, they will be able to send their product all over the world and not only in some localities. The cash flow of the company should be maximum. The company should have the capacity to generate maximum reserves. The company should have very few borrowings and at the same time more reserves. The stake should also be good enough in the company. Company should give dividend. Not much dividend, but at least a little bit should be given and more and more foreign investors as well as domestic investors must show their interest. They should not have a pledge promoter holding in the company. If their share is more, pledge or more public, then it is not a good sign. Segment wise revenue of the company should be good. See how much money the company is earning from its core business and how much money the company is earning from other sources. If the core business of the company is very strong, has it been very good. The company must spend minimum amount of money in innovation in R&D. It is not that every time the company is spending more and more money only in R&D to develop new products. The company should have some such products that it should be durable for the long term. The operating profit margin of the company should keep increasing gradually or it should be better than its competitors because the company has a higher operating profit margin. Means the company is doing a better job than all its competitors and can sell its product in a good way. They have more value in the market. The operating profit margin in front of its competitors allows the company to maximize profits. If the company sells a product worth ₹ 100 from the same sales, there should be operating profit margin up to 30%. Means ₹ 30 is coming for the company. If other companies i.e., competitors, sell a product of ₹ 100 and earn only ₹ 10 profit. Means their operating profit margin is only ₹10 which is not good and operating profit margin available here is less. The stock PE of the company should also be seen. If the PE of the company is expensive, then

| ISSN: 2395-7639 | www.ijmrsetm.com | Impact Factor: 7.580| A Monthly Double-Blind Peer Reviewed Journal |

| Volume 10, Issue 3, March 2023 |

| DOI: 10.15680/IJMRSETM.2023.1003013 |

they should stay away from the company because the PE ratio of the company is very high, then there is a chance of a huge fall in the share price of the company. It is not a guaranteed thing, but a company with good fundamental and stable high PE means that the company is getting expensive valuations and there can be a fall in the share price at any time, then if it is close to 40 then it is very good and otherwise it is going above 40 then understand the company is gradually becoming expensive. Many of the company which are fundamentally, strong, and big companies. If they see that too, it has PE has 50 or it may be more, but at least 50 also it is better because it is a big company. Because of this, they are getting the benefit of premium. But if it is a small company its PE is very high means it is very expensive and overvaluation, so they must take care of what the company have, otherwise they may face problems in future. Pay more attention to the margin of safety in the company. This will save they from all the problems. Margin of safety means that the current market price of the company should be below the fair value and if it lowers the better the company is. Try to find out the intrinsic value of the company as best they can. From this it will be known that what should have been the share price of the company and what is the current rate. By comparing it will be known that how much high valuation the company. Sometimes they get a very good chance in the market. May be whether it is called a blue-chip company which they call as a big company or a small company. Sometimes there is a chance in both the companies that they are getting much below their value. If they buy like that company, their money can't be stopped it from growing fast right now. In the market, they must pay attention to the valuation. Fundamentals are also a lesson of the market but the whole market does not run only alone on it. Management plays a very important role in the company. If the management is very good, then the company is going to be a grown very fast. In future, if the management of the company is not good and the company is big, then there is a lot of chance that the company will end very soon, meaning it's just survival company. What is management? I will try to explain by giving an example. Management means let's take example that the Maruti Alto800 is a very small and very cheap car and whereas the BMW which is expensive car then understand that there is a car of ₹ 200,000 and the car worth ₹ 200,000,000 then, the driver who is inside the car, if the driver does not know how to drive the car, then they can assume. If they are in a car worth ₹ 200,000 or if they are in a car worth ₹ 200,000,000. They are going in any car they will meet with an accident because the management the driver does not know how to drive. For this reason, if the management accepts that the car is very cheap. There is a car of ₹ 200,000 but its driver is very experienced. He has very good knowledge and he is able to drive the car properly, so it is more guaranteed that they will reach in a better way than the expensive one which is a car worth 20 crores. Every time it is told that a good management will be remembered by everyone even the shareholders. If the management is not good, it will not be remembered by anyone & company should not have much debt. If the company is taking maximum loan, it means that in the coming days, there may be a wrong impact on the company.

III. SUGGEESTIONS AND LEARNINGS

Diversification is also very important as much as possible at least they divide their money in 5 to 10 company. This helps to reduce the risk. The more they will benefit in future. If they invest money in any one company and if for some reason it sinks, then what will happen then all their dreams will be ruined. No matter how good the company is. Don't invest money in one company. This can be a big mistake. They should try their whole life to do research in 5-10 companies. If they invest money in too many companies, it will be confusion even that would lead to less profit. What will happen with their rate of return? That would be very little. When others are selling it's time to buy because remember that the whole world cannot become rich at once, but only some people in the whole world can become rich and that too very quickly because these few people are different so. Because all are buying it's not necessary that they must also buy. Thinking that I will also earn money has all are earning it is not going to happen because everyone can never become rich. Everyone feels that the market will extract profits and this company will perform very well. Then put it away and when everyone thinks no, nothing is going to happen in this company they have bought those company so far. This company is useless, then try to create a ray of hope there if the analysis and overall, about company is good. When is the right time to make money in big companies? when a big company falls by 50%, then understand that this is a very good opportunity. The minimum investment should be 50%, 40% should have fallen. What would happen is that the biggest company, which is 50% general, does very little. But when it falls, it is a huge one. gets a chance. If they buy 50% of any fallen company to give money to small investors or big investors, then they get double benefit. They will be benefited 100%. Let me give an example again and tell. Let's assume that they have a share of ₹ 1000, the share price has come down to ₹ 500 and they bought it for ₹ 500, then imagine when they are buying for ₹ 500, and the same company only recovers and goes back to ₹ 1000. So, what will happen, their money will double. Thinking that their money will be grow. But by how much did it fall, 50 percent decline has been seen. Came from ₹ 1000 to ₹ 500. Means there has been a decline of 50%. But how much return did they get back and again they got the return. When it is only in ₹ 500 then it is when there is a good opportunity to buy a share price. All company will fall one or the other day and is very good. They must see everything. Then it is a good opportunity to buy. Remember the

| ISSN: 2395-7639 | www.ijmrsetm.com | Impact Factor: 7.580| A Monthly Double-Blind Peer Reviewed Journal |

| Volume 10, Issue 3, March 2023 |

| DOI: 10.15680/IJMRSETM.2023.1003013 |

fallen is not bad. It happens to everyone once in a life in this world. After that everyone comes to know that what mistake they did. Everyone do that we are not going to lose hope because we learned something from that then it helps us in future its common. what if a company will fall if not today then tomorrow but company is good because they have experience. They know that they have fallen so how to get up after falling Sometimes the lion of the stock market also starts playing like a jackal and they will feel that yes brother, I have been cheated. Even in India's big company, sometimes there is a decline and big decline is seen. India's reputed means which is very respected, and which is a big company, there is a decline in that too. Whether it is India, America, Australia, Brazil, Israel or whatever, there are such big companies in all of them. Sometimes even big companies must fall, so people will think that big companies also fall right in small company also. A fall in the stock market is a market lesson. We should invest only for long term. Investment means. If they buy some land, whenever we buy land from, they, do they think that if they buy it today, they will sell it in 2 months. Will sell in 3 months, 4 months or in a month. What do they think is in coming years when the price will increase? So that they will sell it will take 10 years because there will be good benefit by passing time. In the same way they must think in stock market also because while buying land people's mind works. Similarly for investment also. These thinks don't work in trading. Trading means that they are selling what they have bought and sold quickly. So, the biggest mistake most people make is that they want to earn more and more money quickly in the short term. Because of this he starts trading. Do remember that the money they will make in the long term, they will not get it even if they work hard throughout their life because there, they get the benefit of compounding in the long term, there is no stock market decline in the long term. There will be a decline in short run. But in the long term, they get to see only good and big profits. It is very difficult to get in short term that what happen, what cannot happen in the long term this person can't fall easily we can expect. Here such a good return can be seen in the long run. In the long run the country will change. The world will change. Another one will become stronger. There will be a lot of development and the future will also change a lot. If the world changes, it means that they will get very good benefits in the long run. Based on chart pattern, they can identify whether the stock price will go up or not they can study about chart patterns in detail in the book named HOW TO MAKE MONEY IN STOCKS. The famous chart pattern is given below i.e., Cup and handle shape

IV. CONCLUSION

In the long run, the whole world changes and people change and that too, whatever happens, is used in the stock market and those who get loss believe that stock market is a speculation where they only bet. Try to understand that the whole world relates to the stock market. Everyone is connected directly and indirectly. The company that they eat biscuits is also registered in the stock market only. Whatever they eat, drink, buy or build their house, hospitals are registered in stock market. They must gain knowledge again because stock market is very updated and advanced thing. If they want to take their level there, then they must work hard and remember that stock market is a real market, in which only sensible people live. Anyone can become a hawker but only a sensible person can become an investor. Whether one is poor or is rich. They earns money by hard work of blood and sweat and takes it from above and puts it in the bank so that his money is safe. But do they know that the bank in which they are putting money, irrespective of the banks, works only in the stock market. Registered in NSE or BSE. Its share price also sometimes falls more and sometimes increases more. In the long run, it also makes a good profit, so the only difference is that they have earned with blood and sweat. Want to keep in that vault, but don't want to trust the company of that vault. If the company sinks, even the vault can be empty, so what do they do that they rely on small things. They trust only on big things because understanding does not go there. Try to understand till that point that directly they take work from stock market only. They just increase knowledge a little.

| ISSN: 2395-7639 | www.ijmrsetm.com | Impact Factor: 7.580| A Monthly Double-Blind Peer Reviewed Journal |

| Volume 10, Issue 3, March 2023 |

| DOI: 10.15680/IJMRSETM.2023.1003013 |

REFERENCES

1. The Intelligent Investor
2. How to Make Money in Stocks
3. The Warren Buffett Way
4. Common Stocks and Uncommon Profits

INNO SPACE

SJIF Scientific Journal Impact Factor

Impact Factor: 7.580

doi

crossref

निस्केयर NISCAIR

INTERNATIONAL JOURNAL OF MULTIDISCIPLINARY RESEARCH

IN SCIENCE, ENGINEERING, TECHNOLOGY AND MANAGEMENT

+91 99405 72462 +91 63819 07438 ijmrsetm@gmail.com