PREFACE

The concept of investing is as old as business & commerce itself. In the purest form of investment, an investor supplies the capital (money) needed by a business concern, and in return, the business concern grants the investor an ownership stake in the business, or "shares." Under such an arrangement, both parties are hoping that the business will grow in value. Hence, the investor's stake grows in value as well.

One form of business investment occurs when a corporation offers a portion of its stock to the public ("IPO," Initial Public Offering). Such offerings can raise millions – or even billions of dollars of capital for the company. In return, the investors who have purchased the stock, own a piece of the company's equity.

Stock trading differs from investing considering that trading relies more on the fluctuations of the stock value itself. Investing, on the other hand, relies more on the growth of the company who has issued the stock which, in theory, will raise the value of its shares over time.

The terms investing and trading have come to mean the length of time that one intends to hold on to stock. Today, the terms investing and trading are used almost interchangeably with the distinction of time. One
is "investing" if the shareholder intends to hold for a long period of time; one is "trading" if the stock is held for a very short period of time.

This distinction is important to understand more from a philosophical point of view than a technical one. For whatever reason, the activity of "trading" is considered politically incorrect by certain portions the mainstream media. Some anti-trading advocates go so far as to imply gambling addiction and other questionable morality associated to "trading."

Yet, in today's market, every stock purchase is, in fact, a trade. Unless one is participating in an Initial Public Offering, not one penny of a stock purchase goes into the company, so one isn't really investing at all. They are all trades, albeit some of them with longer time horizons than others.

In spite of its apparent social taboo, trading differs from "investing" only in technique. Both the trader and investor share the same goal—to profit on a rising stock. While convincing arguments can be constructed for both techniques, the point is that "moral" implications about trading should not be a factor and need not be part of the debate, at least not without indicating that "investing" has the same implications but
with the intended time horizon as the only technical difference.

Long-term investors are quick to point out that some people have lost fortunes in day-trading and other forms of stock market “gambling,” hence its ill repute. On the other hand, the “investor” is certainly not immune to losing vast sums of money, which by now might be painfully obvious to thousands of speculators who held on to sinking technology issues throughout the year 2000.

“Investors are the real gamblers,” said the legendary 19th Century trader Jesse Livermore. “They make a bet and stick with it, and if it doesn’t go their way they lose everything.”

In truth, successful trading demands a skill, as with any other profession, as special skill that requires precision and concentration, else misfortune. In the hands of a skilled surgeon, a heart transplant goes smoothly. Such surgery, attempted with no education, would be certain death. Stock trading is no exception.

The technical distinction between trading versus investing is really about time, all that matters is to maximize profit and minimize losses.

The concept of ignoring the time factor is somewhat “new” to
many who participate in the stock market. Most investors and the day-traders alike have a very specific idea about time. The investor is often in for the long haul, through thick and thin, come hell or high water, while the day-trader specializes in split-second shaving of fractions from 5-minute trades.

The guiding principle should be maximizing one's profit!

The research work is divided into SIX chapters.

Chapters ONE ELUCIDATES theoretical perspective of the introduction & history of mutual funds & stake trading.

Chapter TWO consists of the current trends in both mutual fund industry & (stake market) share trading.

Chapter THREE outlines the status of

- Status of Mutual Fund & stake trading during post liberalization period
- Status of Mutual Fund & stake trading during pre-liberalization period

Chapter FOURTH: Test of Hypothesis

- Methodology of study
- Statistical tools & techniques to be used in the study
- Findings of the study
Chapter FIFTH: SWOT analysis

Chapter SIXTH: Observation, Conclusion & Suggestions

It may be stated that the present research endeavor is limited by the constraints of individual PH.D level work. Therefore, the conclusions of the study is only limited to the study area and is not applicable to the whole mutual fund industry and Stake trading in India.

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