Where Should I Invest My Surplus Income by Varun Sharma

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We are always in a dilemma about where to invest our hard earned money and how to get maximized returns on every single penny we save. All of us want to possess a safe and secured future. The question that keeps popping in our minds is where I should invest my surplus income. We keep looking for one or the other investment avenues as we donâ€™t wish to see our money stagnant, we wish our money to go places.

Today numerous investment avenues are available. Bank FDs, Mutual Funds, NSC, PPF, Real Estate, Insurance, Gold, Silver, and so on and so forth. But we look for an investment avenue that not only promises high returns but also provides us liquidity. One such investment avenue is Share Trading.

Share Trading is the buying and selling of company stock shares. Stock exchanges enable the process of share trading. It can be done by the owner of the shares or by an authorized agent on behalf of the shareâ€™s owner.

The prerequisites for getting started with Share Trading are Trading Account, Bank Account, and a Demat Account.

Trading Account: Anyone who wishes to trade i.e. buy or sell shares needs to have a trading account. A trading account can be opened with most of the banks & financial institutions after filling up the required forms and proving the identity and address proofs. After the account is opened trading can be done over the phone or through internet.

Bank Account: Since trading involves financial transactions, so, a bank account is required. A normal savings account is enough where money is credited on sale of shares and vice-versa.

A demat account is just like a bank account that dematerializes paper-based physical stock shares and holds the shares in electronic form. As money is kept in a bank account in the same way shares are kept in it. If we buy the shares, they are automatically deposited in our demat account, and similarly, when we sell the shares they get reduced from our demat account. Physical shares cannot be traded. So, any individual who wishes you buy or sell shares, it is mandatory to trade only in Demat (dematerialized) shares.

Advantages of Demat Account

â€¢ Enables us to trade without the need of any paperwork.

â€¢ Are very safe and convenient for holding securities.

â€¢ Helps in immediate transfer of securities.

â€¢ Eliminates the requirement of stamp duty on transfer of

securities.

â€¢ Eliminates the risk of bad delivery, fake securities, thefts,

and delays associated with physical certificates.

â€¢ Reduces the transaction cost.

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Open a demat account for online share trading and investing in Indian share markets. The procedure for a demat account opening is very easy and explained here in detail.

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