

What is Intraday Trading and How Does it Work in India?



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You must have heard about the term **intraday trading** in the financial sector or while scrolling through social media reels that are related to the stock market. By its name, the concept may seem complicated or even difficult to understand. Despite its name, it's really rather simple.. For a better understanding, let's learn what it is.

What is Meant by Intraday Trading?

The word "Intra" comes from the Latin which means "within" thus its meaning is within the day. When you buy and sell stocks during the same trading day, you're engaging in intraday trading. You do not have to carry it for years or months or even a single day. The goal is to earn from short-term price changes that happen within that single trading session which is typically between 9:15 AM and 3:30 PM in India.

Think of it like this: while long-term investors hope a stock will grow in value over time, intraday traders care about what that stock is doing right now. If they buy at ₹200 and it climbs to ₹205 in two hours, that small move is where they make their profit.

It can be done oppositely also, as some of the traders sell first which is called short selling, they do it supposing the price will fall and after that, they will buy it back at cheaper prices before the session ends. This is all about going with the instinct, reading the momentum and reacting quickly.

How Intraday Trading Works in India?

Now that you know what intraday trading is, let's learn about its working:

1. You Need a Few Essentials

To get started, you'll need:

- A trading and demat account with a SEBI-regulated broker.
- A reliable internet connection and, ideally, a trading platform that is quick and tidy.
- Real-time data and charts, because a 5-second delay can seriously mess up a trade.

Many brokers now offer charting tools with indicators. You don't need to learn all of them at once, but over time, they help you read the market better.

2. Timing Matters

The Indian stock market opens at 9:15 AM and closes at 3:30 PM. Most intraday traders focus their activity in two time windows:

- 9:30 AM to 11:00 AM: High volatility, lots of opportunities but also risky.
- Trends tend to become more reliable between 1:30 and 3:00 PM.

A good rule of thumb: avoid the first 15 minutes unless you really know what you're doing. That period can be a bit risky.

3. Strategy Is Key

There is no such specific method, but there are some common strategies that works the most:

- **Trend Trading:** Follow the stock in the direction it's already moving.
- **Breakout Trades:** Enter a trade when the price breaks out of a range.
- **Scalping:** It is the practice of taking modest gains from several trades made during the day.
- **Trading using News:** Reacting fast to news, earnings reports, or sector-specific developments.

Choose the one that suits you the most and learn about it thoroughly. Do not jump from one strategy to another, as it might lead to losses.

4. Be Ready for Risk

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Let's not sugarcoat this: intraday trading is risky.

- You are using leverage which means you are borrowing funds from your broker to trade larger amounts. If this works out then it means you will get more money. If it does not then you will lose more money.
- You're reacting to real-time market emotions, which can turn even the best setup into a losing trade in seconds.
- You must manage your own emotions, too. Overconfidence after a win or panic after a loss? That's when most traders make poor decisions.

Having a stop-loss on every trade is non-negotiable. It's your seatbelt. Ignore it, and eventually, you'll crash.

5. What About Taxes?

In India, intraday profits are considered speculative income. That means they're taxed at your normal income tax slab rate. If you make a loss, it can be carried forward for four years but only if you declare it properly while filing returns.

SEBI also has regulations on margins, and the rules are stricter than they used to be. Be mindful of the most recent circulars; otherwise your broker may abruptly prohibit a trade that you depend on.

Tax and Compliance: What You Shouldn't Ignore

Since intraday profits are considered speculative income in India, they are subject to taxation under your income tax bracket. **Intraday trading** losses can be carried forward up to 4 years. However, only if you accurately declare and file your returns on time.

Also, SEBI (India's securities regulator) has been tightening rules around margin and order types to protect retail traders. So it's important to stay updated. Many brokers now require upfront margin even for day trades.

Conclusion

You'll need tools, practice, and patience. And yes, you'll need to accept that losses are part of the game. If you're curious, start with virtual trading or trade small lots. Read, learn and watch. There's no rush. After all, the market will still be there tomorrow.

Also Read – RBI Penalty Axis HDFC Bank (<https://www.blacksuit.io/rbi-penalty-axis-hdfc-bank/>)

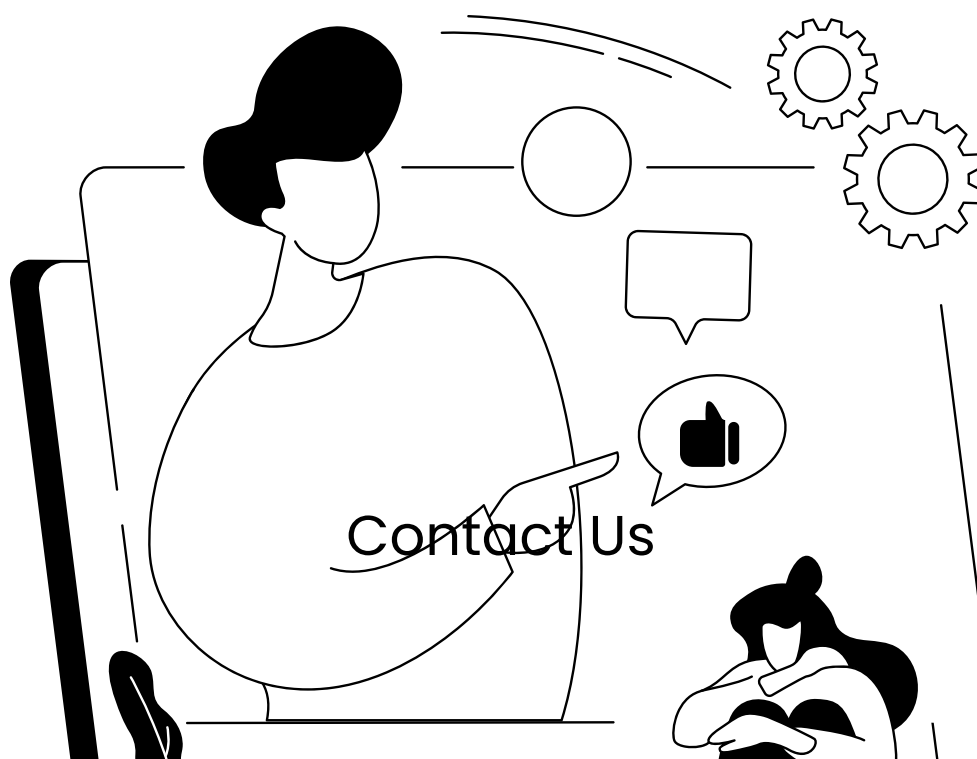
Also Read – Is Exness Legal in India? (<https://www.blacksuit.io/is-exness-legal-in-india-a-complete-legal-overview/>)

FAQs

- ▶ Do I need a special account for intraday trading?
- ▶ What can be done if by mistake I forget to sell my intraday trade by 3:30 PM?
- ▶ Can I short sell in intraday trading?
- ▶ Is intraday trading safe for beginners?

Disclaimer – This blog is for informational purposes only and does not constitute financial or investment advice. Intraday trading carries risk and may not be suitable for everyone. Please consult a SEBI-registered advisor before making any trading decisions. The author is not responsible for any financial losses.

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