

19 Using & Demat Account

Documents related to shares, mutual fund, bond etc. are converted electronically & credited into demat account. This procedure is called *Dematerialisation*.

- Demat Account is just like a bank account, the only difference is that instead of rupees one can deal with shares units of mutual fund & Bond etc.
- Demat accounts are opened through depository participants such as SBI, ICICI, HDFC, IDBI or stock holding corporation of India etc.
- For sale / purchase of shares, demat account is compulsory
- While selling shares have to be transferred into share broker's demat account. For this, one has to make authorisation for broker at the time of opening of A/c) and give it to depository participant
- While purchasing shares one has to give demat account no. to the share broker, so that the broker can transfer the shares into one's demat account
- Normally following charges are payable for demat account :
 - a. A/C opening fee
 - b. Annual Service Charge
 - c. Transaction Fee.
 - (i) Buy (% of Transaction Value)
 - (ii) Sale (% of Transaction Value)

Since rates are changeable so check before investing.

- d. Dematerialisation charges are generally Rs. 2-3 per certificate but courier charges are Rs. 25 – 30. So the total charges may be around Rs. 30.
 - e. Generally Rs. 0.50 per ISIN (*International Security Identification Number*) per month is charged as custody charges. For example, if one has shares of 10 companies, then custody charge will be Rs. 5 per month.
- There are some other charges depending on services used. Before opening a demat account, one should check for the services, charges, quality of service & credibility of the bank.

20 Using Debit Card

Debit card, also a form of plastic money, is directly related to bank account. These are issued by banks only. VISA, Electron and Maestro are a few logos which are generally seen in debit cards issued by different banks. These are mainly of two types:

(1) Direct debit card:

These are linked online with account just as ATM cards. After making purchases, put the card in a terminal fixed at the shop on, entering PIN & amount is debited from the account.

(2) Deferred debit card:

These are like credit cards, as transactions can be done offline. Shopkeeper scans it on shop terminal & debits the account.

