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## **A Study on Evaluation of Online Trading in India**

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### **ABSTRACT:**

A study on evaluation of online trading facilities with reference to financial services of various sectors. The main objective of the research was to evaluate the online trading facilities of which was carried out a period of specified deals. This paper study conducted is descriptive in nature and the sample size used for this study is 200. The method used for this study is Primary and secondary data collection method. For collecting the data structured questionnaire was used in this study. Percentage analysis and graphical representation were used for analyzing and interpretation. This paper mainly focuses on customer feedback and suggestions that would be useful to take necessary actions to solve them in a better manner. The findings revealed that most of the respondents are satisfied with the online trading facilities provided by the organization. The work would surely help to forecasts the customer needs and help the company to take the necessary steps.

**Keywords:** Online Trading, E-Business Development, Business promoting.

### **I. INTRODUCTION**

When Internet has affected all sectors he could “stock markets” the most important player of the economy, has remained far behind? Like all other sectors Internet has set its feet in the stock markets also. Internet trading commissions are clearly posted on the websites of the various services, and are typically a fixed rate charge, depending upon the type of security being traded and the size of trade. In theory, therefore, an Interest investor always knows what commission he is being charged on each trade. Internet investors can take as much time as they would like to take prior to placing a trade order. Similarly the online investor likely does not have to worry that his broker is making unauthorized trades. Since there is no individual broker making a commission, the only person who is authorized to race in an account is the actual investor. Furthermore, the internet investor can never become a victim of excessive trading (where for the broker) since the investor maintains total control over the number of transactions which take place in the account. All of these positive features of internet trading may lead the unwary investor to believe that Internet trading is a way to take control of their finances and save more money in the process. Unfortunately, this is not always the case. The advantages of Internet stock trading have also its weaknesses and these weaknesses present significant drawbacks for the average investor. First and foremost, the average investor is not an expert in the financial markets. There is a danger for allowing the autonomy of online trading to hull you into the belief that you are an expert investor. An online investor sitting at home at a personal computer also foregoes proper investment advice and financial planning, perhaps among the most valuable services provided by traditional brokers.<sup>24</sup> There are, of course, additional risks relative to performing transactions over the Internet especially on a shared computer. Those people whom investors have provided their account number and password can freely trade that account while the investor will have little, if any, resource against the brokerage firm for the breach of security. Customer satisfaction is a measure of how products and services supplied by a company can meet the customer’s expectations. Customer satisfaction is still one of the single strongest predictors of customer retention. It’s considerably more expensive to attract new Customers than it is to keep old ones happy.

In a climate of decreasing brand loyalties, Understanding customer service and measuring customer satisfaction are very crucial. Online trading involves investment activity takes place over the internet and it does not require physical presence of the broker. An investor has to register with an online trading portal for doing online trading. Investors get into an agreement with the firm to trade on different securities according to the terms and conditions gives on the agreement. As the servers of the online trading portal are connected all the time to the stock exchange and designated banks the processing is done in real time and investors can also have update on the trading. Online trading allows you to check out the status of your orders either through e-mail or through the interface that cannot be accessed by a third party. Online trading also gives the option like to link their bank account, demat accounts and brokerage accounts into single interface.

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### **REVIEW OF LITERATURE**

“Online stock trading in India: An empirical investigation” In 2021, Niche Wail and Reminder Kumar’s research report examined the investors’ preference for traditional trading and online trading, investor’s perception on Online trading & comparing current usage of online trading and offline trading. This study reveals that out of every 100 investors only 28 trade online, which points out a question as why investors were not able to realize the importance

of technology in stock trading. The major findings of the study are the Indian investors are more conservative, they do not change brokers for trading, whereas net traders are more comfortable with online trading for its transparency and complete control of the terminal

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## TRADING

Trading is defined as buying and selling shares in stock exchanges. There are two types of trading i.e. online trading (via internet) and offline trading (via broker or call). Gone are the days when the investor must have a stock broker to deal in stocks and make investments. In this age of internet, when everything is going online, stock trading has also gone online. Just like the offline stock trading investor can now buy or sell stocks online with just a few clicks of the mouse. There are obviously some advantages and some disadvantages of both these forms of trading.

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## ONLINE TRADING: INDIAN SCENARIO

In the Indian context, online trading can be rightly called as a recent phenomenon, which took with the change of century i.e. April 2001, and even till day online trading is not much popular among investors for which a list of factors can be blamed. This fact is more clearly from the information available that while number of stock exchanges in India has grown from 7 exchanges in 1946 to total 53 exchanges till 2020. Only 2 stock exchanges are providing online share trading. Indian stock exchanges have started adopting technology because it provides the necessary edge and ensure timeliness and satisfaction in customer service. However mainly 5 companies control 90% of the market in internet trading, ICICI direct.com has around 50% market share, whereas India Bullshold 26% share, other dominant players are Kotak Securities and Sharekhan. ICICI has been able to gain its dominant presence in Internet trading because they have strong connectivity of stock trading, demat account, bank account, etc., ICICI Direct has recorded 6, 75,000 registered customers and has become 19th larger online broker in US whereas Sharekhan and 5 paisa are losing their way.

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## ONLINE TRADING PATTERN

### *Trading Pattern of the Indian Stock Market*

Trading in Indian stock exchanges is limited to listed securities of public limited companies. They are broadly divided into two categories, namely, specified securities (forward list) and non-specified securities (cash list). Two types of transactions can be carried out on the Indian stock exchanges: (a) spot delivery transactions "for delivery and payment within the time or on the date stipulated when entering into the contract which shall not be more than 14 days following the date of the contract"; and (b) forward transactions "delivery and payment can be extended by further period of 14 days each so that the overall period does not exceed 90 days from the date of the contract". The latter is permitted only in the case of specified shares.

The brokers who carry over the outstanding pay carry over charges (cantango or backwardation), which are usually determined by the rates of interest prevailing. A member broker in an Indian stock exchange can act as an agent, buy and sell securities for his clients on a commission basis and also can act as a trader or dealer as a principal, buy and sell securities on his own account and risk, in contrast with the practice prevailing on New York and London Stock Exchanges, where a member can act as a jobber or a broker only. The nature of trading on Indian Stock Exchanges are that of age old conventional style of face-to-face trading with bids and offers being made by open outcry. However, there is a great amount of effort to modernize the Indian stock exchanges in the very recent times. Over The Counter Exchange of India (OTCEI) The traditional trading mechanism prevailed in the Indian stock markets gave way to many functional inefficiencies, such as, absence of liquidity, lack of transparency, unduly long settlement periods and benami transactions, which affected the small investors to a great extent. To provide improved services to investors, the country's first ring less, scrip less, electronic stock exchange - OTCEI - was created in 1992 by country's premier financial institutions - Unit Trust of India, Industrial Credit and Investment Corporation of India, Industrial Development Bank of India, SBI Capital Markets, Industrial Finance Corporation of India, General Insurance Corporation and its subsidiaries and Can Bank Financial Services. Trading at OTCEI is done over the centers spread across the country. securities, the system is similar to a traditional stock exchange.

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## NEED OF THE STUDY

Now a day's most of the people are interested in investment in shares by through online terminals. So most of the people are expecting more facilities in the online portals the company, so that online trading is consider as important area for this study. The online trading user's expectations and opinions are varying from one to another because based on the facilities of online trading platform of the company.

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## SCOPE OF THE STUDY

- 'Investor can assess the company financial strength and factors that affect the company. Scope of the study is limited. We can say that 70% of the analysis is proved good for the investor, but the 30% depends upon market sentiment.
- The topic is selected to analyses the factors that affect the future EPS of a company based on fundamentals of the company.
- The market standing of the company studied in the order to give a better scope to the Analysis is helpful to the investors, shareholders, creditors for the rating of the company.

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### **OBJECTIVES OF THE STUDY:**

1. To know analyze the changes in trading after the exchange shifted from outcry to online trading system.
2. To know the functions of online trading through various departments.
3. To know the online screen based trading system adopted by appropriate configuration to set the network,
4. To know about the latest and future development in the stock exchange trading system.

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### **LIMITATIONS OF THE STUDY:**

The study confines to the past and present system of the trading procedure in the and the India info line study is confined to the coverage of all the related issues in brief. The data is collected from the primary and secondary sources and thus is subject to slight variation than what the study includes in reality.

The study is confined to online trading procedure only. Problems of listing are not covered due to limited time and to keep the study in manageable limits.

- Time constraint was a major limiting factor. Forty five days were insufficient to even grasp the theoretical concepts.
- Several other strategies that could have been studied were not done.
- Lack of knowledge with the brokers.
- Difference of theory from practice.
- Absence of required knowledge and technology

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### **DATA INTRPRETATION AND DATA ANALYSIS**

The data after collection has to be processed and analyzed in accordance with the outline lain down for the purpose at the time of developing the research plan. This is essential for a scientific study and for ensuring that we have all the relevant data. A processing implies editing coding, classification and tabulation of collected data so that they acquiescent to analysis. The term analysis refers to the computation of certain measure along with searching for pattern of relationship that exists among data groups thus “the process of analysis relationships or difference supporting or conflicting with original or new hypothesis should be subjected to statistical test of significance to determine with what validity data can be set to indicate any conclusion. Analysis of data in general way involves a number of closely related operation that or perform with purpose of summarizing the collected data and organizing them in such a manner.

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### **BENEFITS OF THE STUDY**

Many online stock trading companies came but initially due to the lack of online trading facilities and ineffective services the companies are closed, but some of the companies are survived. The company which is survived are getting the good profit with well return and also attracting the foreign investment companies. So this study helps the organization to understand the customer’s perception and satisfaction level in online trading facilities and also what type of product the customer deal while doing the online trading. This study helps the company to make new strategy for the online facilities for further improvement.

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### **DIFFERENCE BETWEEN ONLINE TRADING AND OFFLINE TRADING:**

However, with all the convenience of online trading there are still investors who prefer the old way of trading i.e. offline trading. Offline trading has lost some popularity but it is still the main form of trading/ investing. Offline trading offers many benefits as well. Following are the major difference between online and offline trading.

- Online trading consumes less time as compared to offline trading
- Online trading is very helpful in finding the records easily bur offline trading takes more time to find out the records.
- In online trading the investor/trader has to learn the working of trading software but offline trading the broker will take care of this part.
- In the help of online trading there is no chance of any errors while doing the trading but in offline trading there are some errors existing like barriers of communication.
- In online trading we have the opportunity to know the international market rate of share very easily.
- The major benefit in offline trading that an investor appreciates the most is that they are get support from the broker when making investment decisions.

- There are experienced and professional's brokerage companies that help to handle the investments of investor but in offline trading it is not possible.

In offline trading there is someone to answer any questions that may cause concerns

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## CONCLUSION

Online trading is the new concept in the stock market. In India, online trading is still at its infancy stage. Online trading has made it easy to trade in the stock market as now people can trade while sitting at their home. Now stock market is easily accessible by the people. There are some problems while doing the trade through the internet. Major problem faced by

online trader is that the investors are loyal to their traditional brokers; they rely upon the suggestions given by their brokers. Another major problem is that the some people don't have full knowledge regarding online trading. Nevertheless to say that online trading has the bright future as the percentage of the trade done through online trading is increasing day by day.

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