

Technical Implications And Growth Of Online Trading With Special Reference To Madurai District – A Study

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Abstract : Modern Technological World environment surrounded by growth of Telecommunications broadband connections or LAN connections called Internet connects billions of people. The internet has made financial products and services available to more customers and eliminated geographical barriers. Earlier investors were dependent on their brokers or financial consultants but nowadays they are participating more in buying and selling of shares with the help of internet. E-trading is the alternative solution for Traditional trading policies in India where scams had happened like Harshad Mehta case. Thus now Online Trading in India is one of the reasons for biggest Market Trading boom in financial services sector where Technical Implications are indicated by SEBI on time basis as it helps to access the market from anywhere at any time during Trading hours of 9.30 a.m till 3.30 pm of Weekdays. The primary objective of this research paper is to study about the technical implications and growth online Trading in India.

Keywords: Internet, Technical Implications, SEBI, Online Trading, Stock Brokers

1. Introduction

Online trading was started in India in the year 1995, where a new system is formed which allows the investor to trade through an internet site where banks and demat accounts are electronically integrated. Such services are provided by many financial institutions like ICICI, Religare, HDFC, India Bulls, SMC online, Sharekhan & so on. There are a number of brokerage firms comes out there, such as Ameritrade, Sure Trade, just to name a few. In order to attract more users, many online brokers continually upgrade their systems to allow more log-ons simultaneously; It is well documented than traditional trading practices dominated Indian market as Digital mode of Investing method in Shares is the biggest boom attracts more number of buyers into stock markets in India.

Online trading in India is the internet based investment activity that involves no direct involvement of the broker. There are many leading online trading portals in India along with the online trading platforms of the biggest stock houses like the National stock exchange and the Bombay stock exchange. The general meaning of Online Trading is trading of the stocks with the aid of internet. Online Trading has successfully

brought the stock exchange facilities within the easy reach of the people requiring them. There are a number of trading sites today that facilitate Online Trading. With the introduction of Online Trading, the investors, mainly the new ones, who were not actively involved in the market, are now rushing towards it. A growing number of active investors are bypassing conventional brokerage offices entirely and doing all their trading online.

2. Review of Literature

A study done by **Madhavan V (2000)** on “Payments in India: The journey so far and the road ahead”, looks at how the multiple payment systems have developed in India and considers the need for technology and a legal framework to ensure that an electronically linked payments and clearing system, including cheque truncation, can be implemented in future.

An article entitled “Online trading: Trading @ the speed of light” done by **Jaiswal M., Vashist D. and Kumar A. (2004)**, traces the growth of online trading from the year 2000 using statistics on volume of online trading from the year 2000 using statistics on volume of online trading, number of e- broking firms, brokerages and demographic patterns. Online trading has dramatically changed the way stock business has been conducted over the years.

3. Objectives of Study

- To study about the emergence and growth of online Trading in India.
- To analyze the Online Trading services available from different stock traders
- To know the Preference of Factors influencing in Online Trading.

4. Research Methodology

A survey was conducted in Madurai District during the period Jan 2018 to March 2018. A sample of 100 individual online trading investors in brokerage houses such as ICICI securities Ltd, Geojit Financial services, Reliance Money, Way 2 Wealth securities surveyed through a pre-tested questionnaire by Convenient Sampling method. It was collected through personal visits to the brokerage firms, by formal and informal talks.

Analysis of Emergence and growth of online Trading in India

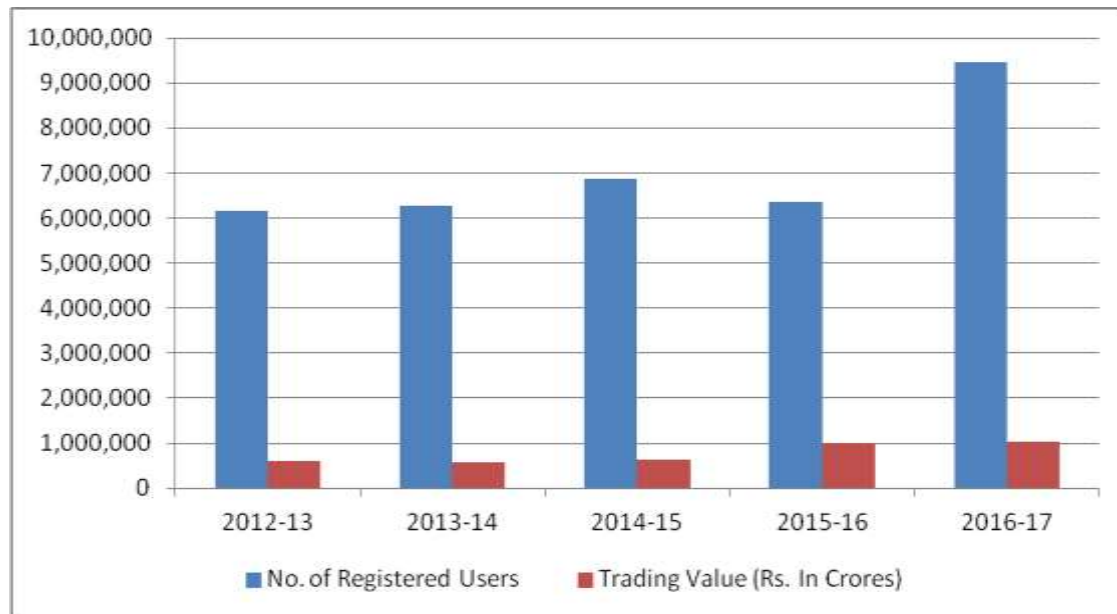
Table 1 - Internet Trading Value (Online Trading)

Year	No. of Registered Users	Trading Value (Rs. In Crores)	Trading Volume (in %)
2012-13	6,148,447	597,430	10.63
2013-14	6,268,798	583,073	10.76

2014-15	6,874,574	627,478	10.99
2015-16	6,359,312	1,005,984	11.62
2016-17	9,461,175	1,025,706	24.21

Source: NSE Fact book

Chart 1 - Internet Trading Value (Online Trading)



Thus from the above Chart, it is clear that year wise growth both in terms of Registered Users in Online Trading and increase in Trading Volume in Stock Market Indices.

Analysis of Online Trading services available from different stock traders

Table 2 – Services and Fees of Stock Brokers for Online Trading

Stock Brokers Fees for Online Trading				Online Trading Brokers Services				
Broker Name	Account Opening	Brokerage Amount	Demat Account	Equity	Debt	Mutual Funds	Commodity	Forex
ICICI Direct	Rs.1000		Rs.500	Yes	Yes	Yes	Yes	Yes
Angel Trade	Rs.0	Rs.500	Rs.500	Yes	Yes		Yes	
Reliance Money	Rs.0	As per transactional value	Rs.500	Yes	Yes	Yes	Yes	Yes
Share khan	Rs.750	Rs.400	Rs.400	Yes	Yes	Yes	Yes	Yes
Way2 wealth Securities	Rs.250	Rs.400		Yes	Yes	Yes	Yes	

Source: Primary Data

The above table shows the comparison between the online stock broker companies which are Geojit, Angel Broking, ICICI Direct, Share Khan, Reliance Money and Way 2 wealth securities. It is clear from the table that according to their services charges and fees may vary among stock brokers for Online Trading provided to investors.

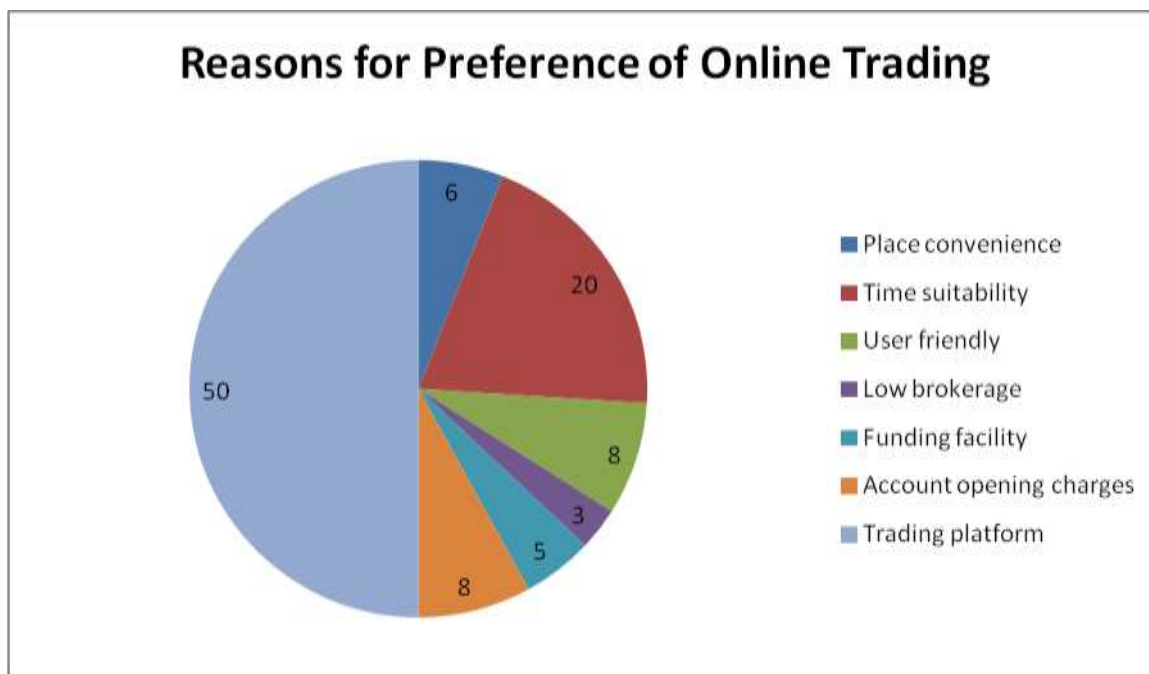
Analysis of Factors influencing the Preference in Online Trading:

Table 3 – Reasons for Preference of Online Trading

Factors	No. of Respondents
Place convenience	6
Time suitability	20
User friendly	8
Low brokerage	3
Funding facility	5
Account opening charges	8
Trading platform	50
Total	100

Source: Primary Data

Chart 2 – Reasons for Preference of Online Trading



Thus from the above table it is clear that from the listed reasons which is most common identifiable factors influencing Investors to prefer for online Trading. Thus Trading Platform is the most common preferred reasons among the investors to prefer for Online Trading.

5. Findings and Conclusion of the study

- It is evident from the study because of awareness on Online Trading services Year wise growth of no. of Traders is increased.
- It is found from the study that the selected stock brokers fees and services will differ according to their different services provided to their Clients
- The Most Preferred Reason for Online Trading is Trading Platform shows the convenient and flexibility among respondents about Internet Services.
- Thus with the increase in cyber education, the awareness towards online share trading has increased by leaps and bounds.
- This awareness is expected to increase further with the increase in Internet education as a boom to our Socio-Economic Environment of our Nation.

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