



## MODES OF OPERATION OF ONLINE TRADING

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### ABSTRACT

*This paper studied the perception of people in Faridabad city towards the online trading system of Indian Stock market. India a n Stock market a wide place for investments and earnings. But in past time, there was nothing about the electronic trade which resulted the high-profile scandals which destroyed the whole society faith. By the time technology advancement aids to more acknowledgement and traitous activities. In this paper, the data has been collected through questionnaire from 300 retail investors sample population of Faridabad city. The researcher examined the relationship between the growth and online trading facility of stock market through the correlation technique and significant difference across demographical profile of the respondents which includes age, gender, occupation and annual income by using Anova technique.*

### INTRODUCTION

Online trading is a service offered on the internet for purchase and sale of shares. In the real world you place orders on your stockbroker either verbally (personally or telephonically) or in a written form (fax).” In online trading, you will access a stockbroker’s website through your internet enabled PC and place orders through the broker’s internet-based trading engine. The net is used as a mode of trading in internet trading. Orders are communicated to the stock exchange through website.

The growth of information technology has affected almost all sectors of life. Internet has enabled us to get every information at our doorstep. 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.

Online trading definition is a basic understanding of online trading processes. Since the invention of Internet people have been able to do practically everything virtually. Due to the Internet online trading has become one of the most popular ways to trade as far as stock trading turned out to be as available to independent investors as possible. Online trading gives both beginners who've just had a single day trading course and advanced traders an opportunity to trade stocks, options, forex and futures all over the world without physical presence of a broker and with much lower commissions, because everything is done online 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. Similarly, the online investor likely does not have to worry the this broker making unauthorized trades. Since there is no individual broker making a commission, the only person who is authorized to trace in the 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.

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.

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

- To study the concept of online trading.
- To study the present online trading scenario in India.
- To study the challenges in online trading in India.
- To study the SWOT analyses of online trading in India.

#### **SCOPE OF STUDY:**

The scope of the project is to study and know about Online Trading and learning & Settlements dealt in Inter-Connected Stock Exchange. By studying the Online Trading and Clearing & Settlements, a clear option of dealing in stock exchange has been The scope of the project is to study and know about Online Trading and Clearing & Settlements dealt in Inter-Connected Stock Exchange. By studying the Online Trading and Clearing & Settlements, a clear option of dealing in stock exchange has been The scope of the project is to study and know about Online Trading and Clearing & Settlements dealt in Inter-Connected Stock Exchange. By studying the Online Trading and Clearing & Settlements, a clear option of dealing in stock exchange has been The scope of the project is to study and know about Online Trading and Clearing & Settlements dealt in Inter-Connected Stock Exchange. By studying the Online Trading and Clearing & Settlements, a clear option of dealing in stock exchange has been Understood. Unlike olden days the concept of trading manually is been replaced for fast interaction of shares of shareholder. By this we can access anywhere and know the present dealings in shares.

#### **IMPORTANCE OF THE STUDY:**

The present study to review the online trading procedure a case study of ONLINE TRADING at **SHAREKHAN LIMITED**

- Maintaining good records requires discipline, while online trading.
- many commodity traders don't take the time to track their trading history, which can offer a wealth of information to improve their odds of success.

#### **RESEARCH METHODOLOGY:**

- '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 market standing of the company studied in the order to give a better scope helpful to the investors, shareholders, creditors for the rating of the company

#### **DATA COLLECTION:**

The data collection methods include both primary and secondary

**PRIMARY METHOD:** This method includes the data collected from the personal interaction with authorized members of **SHAREKHAN LIMITED**.

**SECONDARY METHOD:** The secondary data collection method includes:

- The Guidance delivered by the superintendents of respective departments.
- The brochures and material provided by **SHAREKHAN LIMITED**.
- The data collected from the magazines of the NSE, economic times, etc.
- Various books relating to the investments, capital market and other related topics.

#### **TOOLS AND TECHNIQUES:**

The tools of the trade for day traders and technical analysts consist of charting tools that generate signals to buy or sell, or which indicate trends or patterns in the market. Broadly speaking, there are two basic types of technical indicators:

- ✓ Technical indicators that use the same scale as prices are plotted over the top of the prices on a stock chart.
- ✓ Rather than being overlaid on a price chart, technical indicators that oscillate between a local minimum and maximum are plotted above or below a price chart.

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

- The study confines to the past and present system of the trading procedure in the **SHAREKHAN LIMITED**.
- 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.
- It is difficult to applicable

#### **CHAPTER-IV DATA ANALYSIS AND INTERPRETAION**

#### **ANALYSIS OF TWO COMPANIES:**

1. ACC Cement Limited
2. Megasoft Computer Services Limited

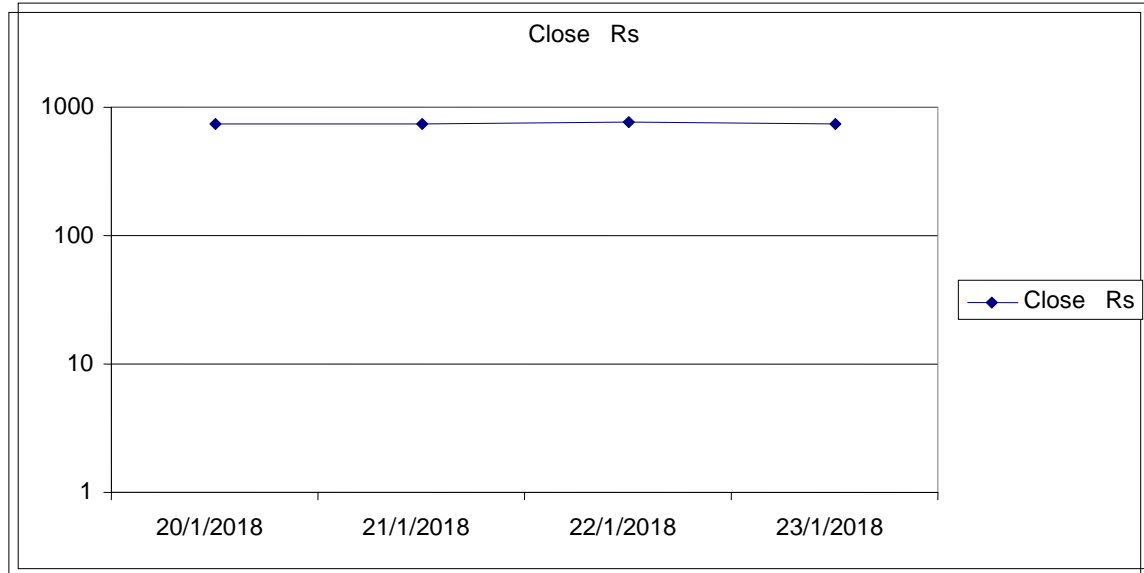
#### **1. ACC CEMENT LTD:**

##### **Futures of acc cements**

<b>Date</b>	<b>Open</b>	<b>High</b>	<b>Low</b>	<b>Close</b>	<b>Trades Qty</b>		<b>Value</b>
<b>DD/MM/YY</b>	<b>Rs</b>	<b>Rs</b>	<b>Rs</b>	<b>Rs</b>	<b>('000)</b>	<b>Volume</b>	<b>Rs</b>
20/01/2018	740	761.90	740	748.3	12201	538146	4,046.32
21/01/2018	745	762.00	737	752.5	13479	709297	5,307.47

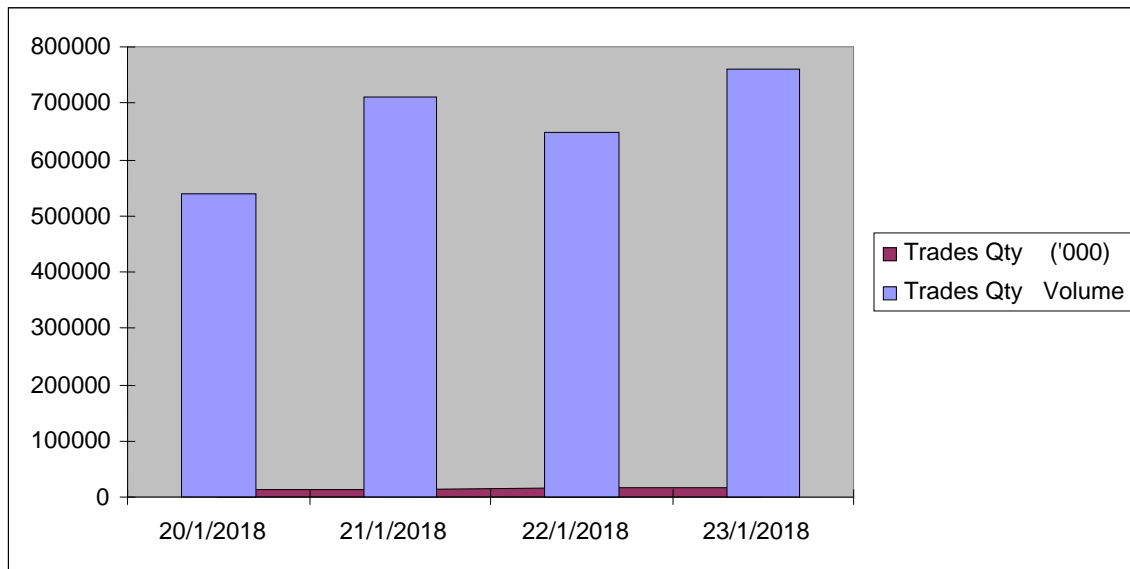
22/01/2018	760	763.00	746.55	753.1	15589	648160	4,897.71
23/01/2018	754	779.20	740.25	745.65	14939	760500	5,795.78

**Table:1**



**Figure:1**

**Chart of ACC Cement Ltd.**



**Figure:2**

**Interpretation:**

- ❖ The price rose from 748.3 on first day to 21<sup>st</sup> JAN, there it stood at 753 as high. As the players in the market with an intention to short or correct the market, the player’s showed a bearish attitude for the next day where the price fell to 745.65 and

immediately rose to 753.1. Later being the last trading day of the week again the players became bears as to keep a negative for the next week, which surge the price to 745.65 for the last day of the trading week

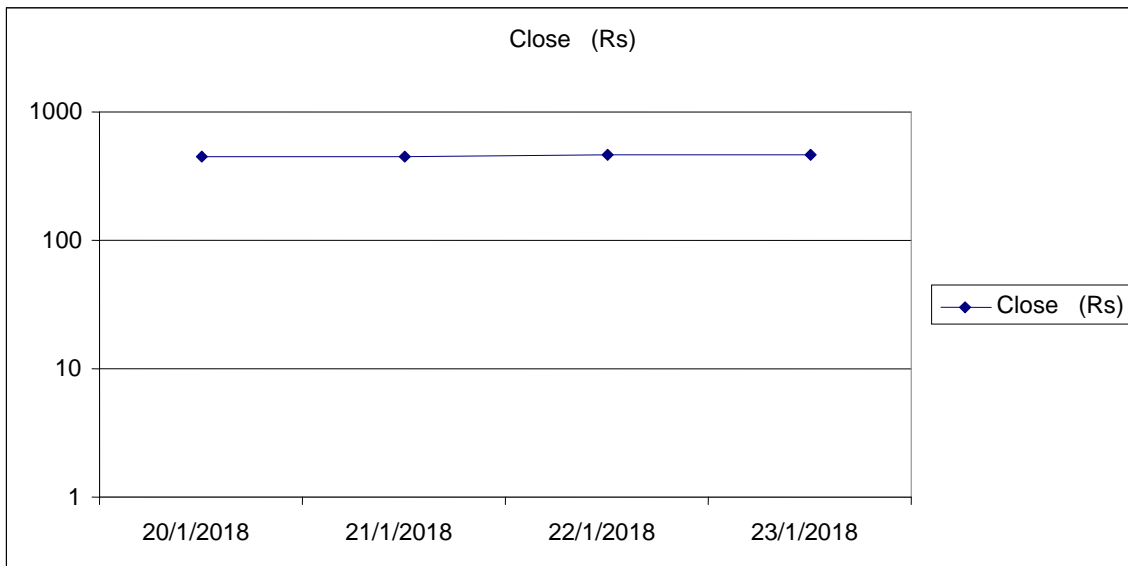
- ❖ In the trading week most of the players closed up their contracts to make profit. As the price was low, the open interest was low and the number of characters traded decline to 14939.
- ❖ There always exist an impact of price moments on open interest and contracts traded. The futures market is also influenced by cash market, Nifty index future, and new related to the underlying assessed or sector (Industry), FII’s involvement, national and international affairs etc.

**2. MEGASOFT COMPUTER SERVICES LIMITED:**

**Futures Of Megasoft Computer Services Limited**

Date (DD/MM/YY)	Open (Rs)	High (Rs)	Low (Rs)	Close (Rs)	Trades Qty (‘000)	Volume	Value (Rs)
20/1/2018	436	448.50	435.35	445.15	35515	3945121	17,487.70
21/1/2018	446	457.85	437.05	451.35	32977	3259767	14,632.77
22/1/2018	457	469.85	457	467.05	32556	3546642	16,444.96
23/1/2018	461	466.90	458.3	464.55	19125	1475381	6,831.17

**Table:2**



**Figure:3**

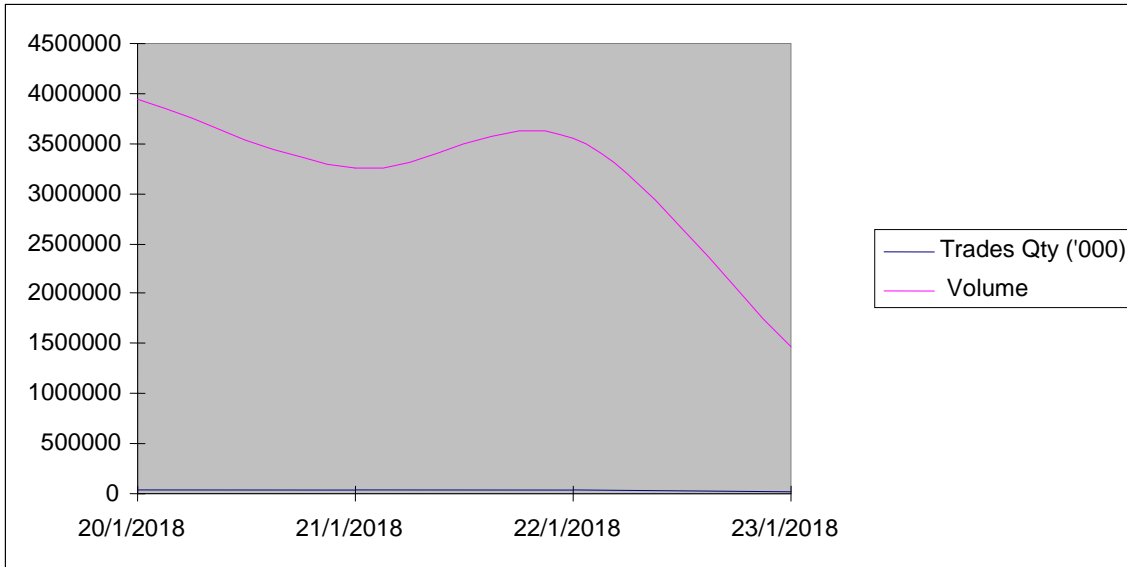


Figure:4

**INTERPRETATION:**

- ❖ The price rose from 445.15 on first day to 21<sup>st</sup> JAN, there it stood at 464.55 as high. As the players in the market with an intention to short or correct the market, the player’s showed a bearish attitude for the next day where the price fell to 467.05. Later being the last trading day of the week again the players became bears as to keep a negative for the next week, which surge the price to 464.55 for the last day of the trading week.
- ❖ In the trading week most of the players closed up their contracts to make profit. As the price was low, the open interest was low and the number of characters traded decline to 19125.
- ❖ There always exist an impact of price moments on open interest and contracts traded. The futures market is also influenced by cash market, Nifty index future, and new related to the underlying assessed or sector (Industry), FII’s involvement, national and international affairs etc.

Price Date	OpenPrice	High Price	Low Price	Close Price	Traded Value	Trade Quantity
1/1/2018	2240	2240	2175	2181.25	1610732971	735018
2/1/2018	2120	2205	2150.05	2187.05	2055041042	942219
3/1/2018	2181	2227	2181	2214.45	2060041900	936420
4/1/2018	2215.25	2249.8	2215	2234.2	1745381038	781056
7/1/2018	2235	2262	2222.55	2252.1	1717942890	765755
8/1/2018	2250	2282.7	2240	2264.1	1522681196	672332

9/1/2018	2250	2272.8	2226.3	2251.9	1218862478	541886
10/1/2018	2250	2250	2195	2232.05	1840407507	829120
11/1/2018	2240	2250	2205.25	2214.65	1379559144	620185
14/1/2018	2210	2241	2190	2226.15	1456089114	657210
15/1/2018	2220	2229.8	2160	2210.8	8685038357	391768
16/1/2018	2196	2224.7	2186.1	2193.1	1472718930	668346
17/1/2018	2195	2203.95	2171.1	2181.1	1125694104	513507
18/1/2018	2184.7	2205	2144.95	2199.5	2109771681	966091
21/1/2018	2209	2248.8	2195	2236.55	2067742503	927593
22/1/2018	2259	2260	2220	2223.75	1867776316	836551
23/1/2018	2217.5	2223.8	2151.3	2162.4	1638345480	749135
24/1/2018	2170	2188.5	2150	2159.1	1698482891	785921
28/1/2018	2175	2216.95	2167	2186	1373472313	625894
29/1/2018	2188	2188	2150	2166.6	1138676973	526226
30/1/2018	2155.05	2190	2142	2170.3	1315880755	608331
31/1/2018	224.7	2315	2188.1	2257.2	2500856563	1120777

**Table:3****DATA ANALYSIS :****Price Reading**



**Figure:5**

**Infosys Interpretation:**

It was found that the price of infosys stock is quoted at 1st January 2018 2181.25. On 15<sup>th</sup> January it increased in the next week it increases to 2193.1 again in the next week it is noticed that price followed an increasing trend to 2257.2 due to improvement in market conditions. This shows a good sign for an investor.

Price Date	Open Price	High Price	Low Price	Close Price
1/1/2018	411	411	393.6	394.75
2/1/2018	398	399.45	393.65	397.1
3/1/2018	399	402	394.5	400.5
4/1/2018	402	405.8	401	402.45
7/1/2018	404	408.5	403	405.4
8/1/2018	408	418.75	404.6	415.05
9/1/2018	415.25	426	411.05	418.6
10/1/2018	415	417.9	409.25	416.1
11/1/2018	417.5	420.75	413.65	415.45
14/1/2018	417	418.7	411	411.85
15/1/2018	415	415.45	407.15	409.05



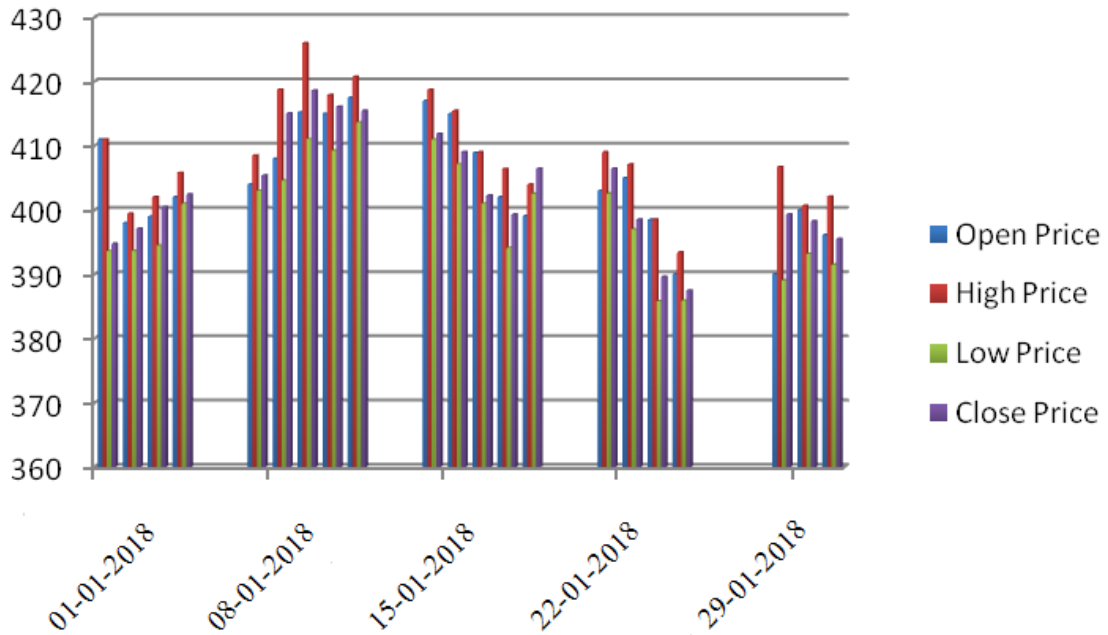
16/1/2018	408.9	409	401	402.25
17/1/2018	402	406.4	394.1	399.3
18/1/2018	399.05	404	402.55	406.45
21/1/2018	403	409	402.55	406.45
22/1/2018	405	407.1	397	398.5
23/1/2018	398.5	398.5	385.8	389.6
24/1/2018	390	393.4	385.9	387.5
28/1/2018	390	406.7	389.05	399.35
29/1/2018	400	400.7	393.2	398.25
30/1/2018	396.1	402.1	391.5	395.5

**Table:4**

**DATA ANALYSIS:**

Price Date	Open Price	High Price	Low Price	Close Price
1/1/2018	411	411	393.6	394.75
9/1/2018	415.25	426	411.05	418.6
16/1/2018	408.9	409	401	402.25
23/1/2018	398.5	398.5	385.8	389.6
30/1/2018	396.1	402.1	391.5	395.5

**Table:5**



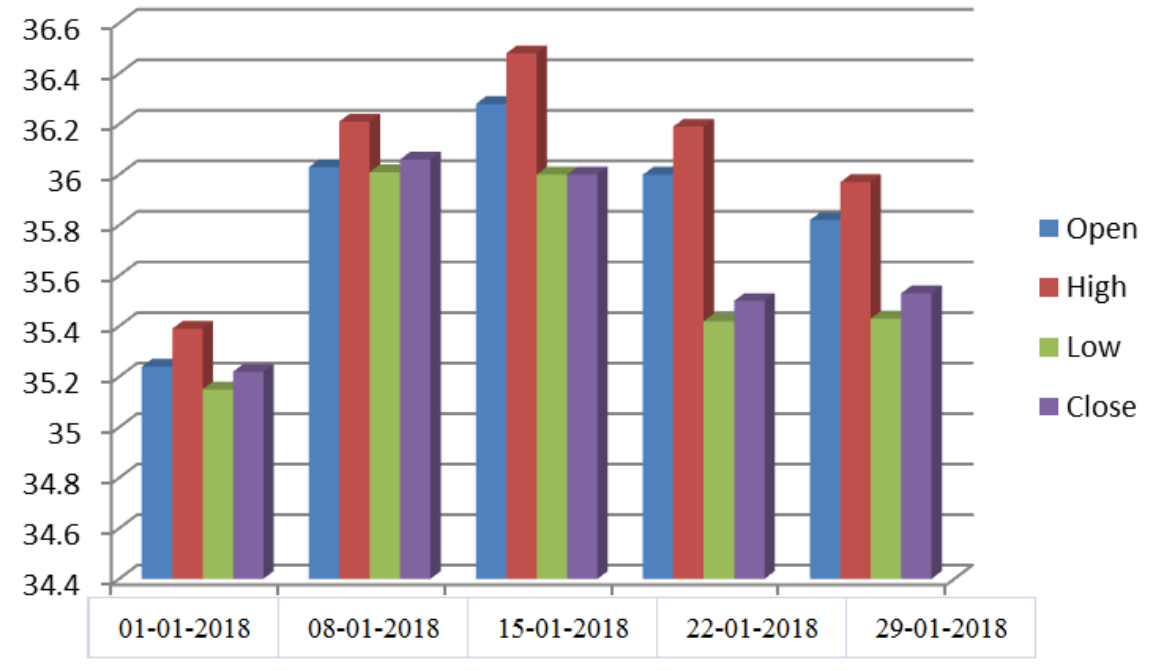
**Figure:6**

**Interpretation:**

It was found that the stock price is quoted at 1st January is 394.75. On 15<sup>th</sup> January it increased to 409.5. Again in the next drastically it decreased 406.45 and on the 31st January 395.5. As trend is decreasing it shows a bad sign to investor

Date	Open	High	Low	Close	Volume	Change	Change%
31/1/2018	36.1	36.15	35.96	36.06	17,168,000	0.140	-0.39%
30/1/2018	35.6	36.22	35.59	36.2	19,284,700	0.670	1.886%
29/1/2018	35.82	35.97	35.43	35.53	18,164,900	0.440	-1.22%
28/1/2018	35.9	36.19	35.87	35.97	14,333,800	0.240	0.672%
24/1/2018	35.89	36.1	35.71	35.73	18,067,700	0.230	0.648%
23/1/2018	35.5	35.82	35.38	35.5	22,461,100	-	-
22/1/2018	36	36.19	35.42	35.5	18,183,400	0.510	-1.42%
21/1/2018	35.73	36.12	35.48	36.01	17,066,200	0.130	0.362%





**Figure:7**

**Interpretation:**

It was noticed that the price of the GE stock is quoted 35.2. On 15<sup>th</sup> January it increased to a rate of 36 and in the next week it increased to 36.01. Again in the last week also it increased to 36.06 this shows good sign to the investor as its price increasing throughout the month and market conditions of the GE is good.

**Conclusion**

Out of all companies, which are selected, are randomly chosen for the study. Each of the companies is ranked as follows for investment purpose.

COMPANY NAME	RANK
INFOSYS	2
GE	1
Tech Mahidnra	3

Ranking are given on the basis of the price fluctuation. Wider the fluctuation, bigger is the rank given to the company,

It suggested to the investors that, if they want to make any investment in the month of January based on the study made for whole period of month i.e., January 1st to January 31st according to the ranks given above first preference should be given to GE, next preference is

given to INFOSYS and third position given to TECH MAHINDRA

1.3 Monthwise Basic Statistics of the F&O Segment:

Particulars	JULY	AUG	SEP	OCT	NOV	DEC
<i>Traded Value (Rs i</i>						
Total	5,22,946	5,05,658	6,49,829	6,69,162	6,27,456	7,03,492
Daily Average	24,902	25,283	29,538	33,458	31,373	37,026
<i>Number of Contracts</i>						
Total	1,57,57,466	1,43,13,726	1,72,84,519	1,75,16,726	1,62,32,446	2,08,21,144
Daily Average	7,50,356	7,15,686	7,85,660	8,75,836	8,11,622	10,95,850
<i>Open Interest (Rs in crores)</i>						
End of day averages	36,650	41,862	52,549	51,765	56,552	56,858
% of Open interest to Daily Average Traded value	147	166	178	155	180	154

Table:8

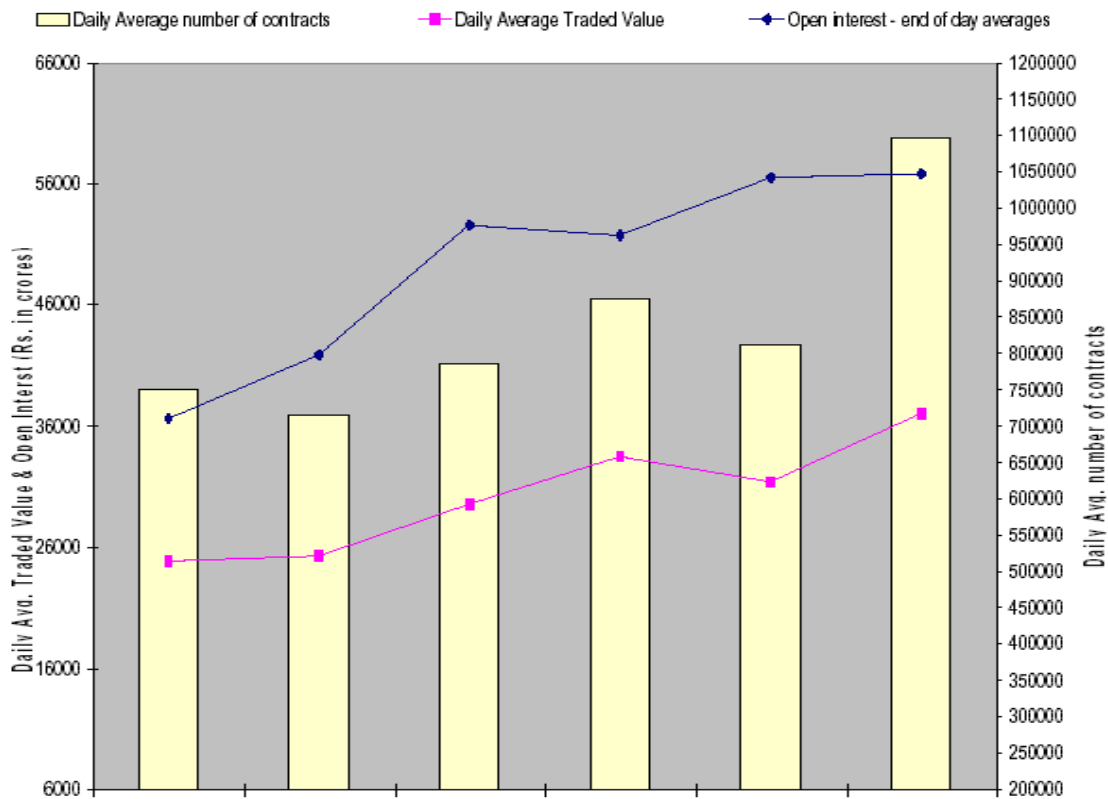


Figure:8

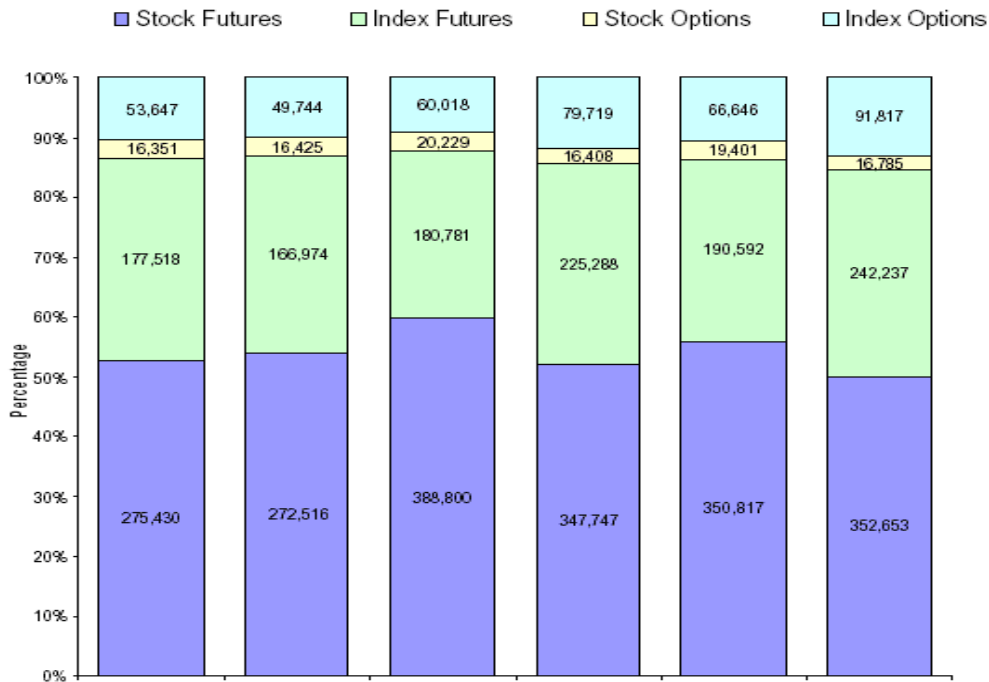


Figure:9

CHAPTER: V FINDINGS, SUGGESTION AND CONCLUSION

FINDINGS:

- ❖ In the trading week most of the players closed up their contracts to make profit. As the price was low, the open interest was low and the number of characters traded decline to 19125.
- ❖ There always exist an impact of price moments on open interest and contracts traded. The futures market is also influenced by cash market, Nifty index future, and new related to the underlying assessed or sector (Industry), FII’s involvement, national and international affairs etc.
- ❖ The acc price rose from 748.3 on first day to 21<sup>st</sup> JAN, there it stood at 753 as high. As the players in the market with an intention to short or correct the market, the player’s showed a bearish attitude for the next day where the price fell to 745.65 and immediately rose to 753.1. Later being the last trading day of the week again the players became bears as to keep a negative for the next week, which surge the price to 745.65 for the last day of the trading week.
- ❖ The megasoft price rose from 445.15 on first day to 21<sup>st</sup> JAN, there it stood at 464.55 as high. As the players in the market with an intention to short or correct the market, the player’s showed a bearish attitude for the next day where the price fell to 467.05. Later being the last trading day of the week again the players became bears as to keep a negative for the next week, which surge the price to 464.55 for the last day of the trading week.
- ❖ It was found that the price of infosys stock is quoted at 1st january 2018 2181.25. On 15<sup>th</sup> january it increased in the next week it increases to 2193.1 again in the next week it is

noticed that price followed an increasing trend to 2257.2 due to improvement in market conditions. This shows a good sign for an investor.

❖ It was found in GE that the stock price is quoted at 1st January is 394.75. On 15<sup>th</sup> January it increased to 409.5. Again in the next drastically it decreased 406.45 and on the 31st January 395.5. As trend is decreasing it shows a bad sign to investor.

❖ It was noticed that the price of the GE stock is quoted 35.2. On 15<sup>th</sup> January it increased to a rate of 36 and in the next week it increased to 36.01. Again in the last week also it increased to 36.06 this shows good sign to the investor as its price increasing throughout the month and market conditions of the GE is good.

### **SUGGESTION:**

I suggest the exchange authorities take steps to educate investors about their right and duties, try to increase investor confidence. I suggest the exchange authorities to be vigilant to curb wide fluctuations of prices on the exchange in the prices, not attracting the genuine investors to the greater extent towards the market. Try to explain them how the fraud will take place so that they will be alert and they can take necessary steps to avoid the frauds. Genuine investors are not at all interested in the speculative gain as their investment is based on the future profits, therefore the authorities of the exchange should be more vigilant in imposing heavy margin to curb the speculative of securities. Necessary steps should be taken by the exchanges to deal with the situation arising due to break down in online trading.

### **CONCLUSIONS:**

- Due to the changes in the technology BSE has changed its trading activities into Online trading system. So that transactions will be performed efficiently.
- Things are changed for the better with the BSE going online coupled with the endeavor to streamline the whole trading system, things have changed dramatically over the last 3 to 4 years. New and advanced technologies have been reached geographical cultural barriers, and have brought the country wide market to the door step. Brokers of the Regional Stock Exchanges (RSE) have suddenly been thrown to intense competition from their counter parts across the country
- Tips are available for trading on online and invest wisely. So that the investors can avoid the fraud.
- The introduction of the online trading would influence in the investors resulting in an increase in the business of the stock exchange. It has helped the broker handling a vast amount of transactions and this can be achieved with the vary delivering and settlement system with the adequate protection to investors. The trading of the BSE of the first day was 1.8 crores.
- Due to the invention of the online trading there has been greater benefit to the investors as they could sell / buy shares as and when required & that to with online trading, it will inspire confidence in investors resulting in increase business of the exchange.
- The regional stock exchange has a greater scope than compared to the earlier times because of invention of online trading.



- The concept of business has changed, today this is a service oriented industry hence the survival would require them to provide the best possible to the client.
- The longer trading time had helped the investors as well as the brokers to make much interest in the trading of securities” has they got extra time to take tin the security market.
- The existing system can be further improved by introduction of stock loss facility, which will help reduce investor’s losses.
- Also there is a need for exchanges to set up standing committee into breakdown of online trading.

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- ❖ *Times Of India*
- ❖ *Business Standard*

#### **ii. Magazines:**

- ❖ *Business today*
- ❖ *Business world*
- ❖ *Business Indi*

#### **WEB SITES:**

- ❖ [www.indiabulls.com](http://www.indiabulls.com)
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