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Journal of Management Research and Analysis

Journal homepage: <https://www.jmra.in/>**Original Research article****A study of online trading system in India**Sandeep Sharma<sup>1</sup>, Nilesh Anute<sup>1,\*</sup>, Devyani Ingale<sup>1</sup><sup>1</sup>Dept. of Management, Institute of Business Management and Research, Maharashtra, India**ARTICLE INFO***Article history:*

Received 20-09-2021

Accepted 30-09-2021

Available online 09-10-2021

*Keywords:*

Indian Stock Market

Internet

Online Stock Trading

Stock Brokers

**ABSTRACT**

This research is related to examines the new wave of online trading with respect to industries, brokerages. Stock market is one of the important elements of the Indian economy which determines the economic growth of India and financial state of the country. In today's world there are millions of people are connected to the internet and many of them are from rural background. Last 30 years since 1991, GPL (Globalization, Privatization, Liberalization) the internet has impacted much on people perception. The customer satisfaction is only thing that make a business successful. The present study to find out the customer awareness towards online trading. The main objective of the study is to understand the how the online trades take place. The major reason for investing in the share market is convincing and easy to handle.

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For reprints contact: [reprint@ipinnovative.com](mailto:reprint@ipinnovative.com)**1. Introduction**

Online trading is buying and selling of various stocks through online platform mode with various channels. These online trading platform businesses have a great role in emerging business with the greater impact over many financial institution and economy. All these businesses have a successful story because of internet and will have impact for more several years. The selling and buying of bond, shares, mutual funds, debts, gold and a lot comes under the online trading. Many business have taken their way to online, to save time, convenience of customers, to earn profit and this has impacted on much on sales and having a great business. This business starts giving more discount on various products or services, which are fulfilling the online business desire. Moreover, it become necessary to analyze the process and calculate the risk.

Online trading is a platform where anyone can buy and sell the shares, funds etc. from the comforts of your home.

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To use the online platform is very easy, no one needs skills and qualification. The internet has facilitated the online trading with changing the way of market works, as well as how the investors are accessing the market. Almost in every country the trading has been picked up online, Bombay stock exchange and National stock exchange are conducting online trade successfully.

Connectivity was perhaps the most important factor in online trading and India is somehow successfully tried to get connectivity throughout in India. Online trading allows you to check the status of your trade through e-mail or mobile.

The above diagram is related to share of online trading in India. In 2014, the online trading was 22% and in the next year it fall to 11% and after the 2015 the online trading started to increase and in FY of 2018 is highest with 26%.

**2. Literature Review**

Rebecca Davies and Stuart Cunningham (2012)<sup>1</sup>, in his research paper "A Review of Online Trading" has said that

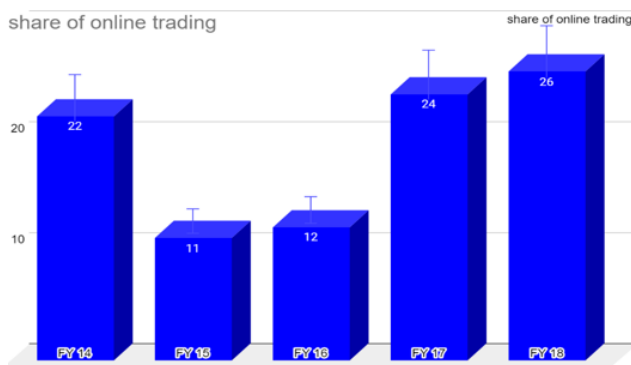


Fig. 1: Online trading scenario in India Source: www.statista.com.

the literature is related to the functions and contributions to online trading, discussing them in a cohesive, meta-analytic fashion. To further increase knowledge in the field, two studies have been undertaken to present a view of current online trading practices in the United Kingdom (UK). Data was collected by conducting online questionnaires and performing interviews using the Repertory Grid technique. This method has its roots in Personal Construct Psychology and allows for the expression of participants' perceptions and preferences in their own terms or personal constructs.

Abd hul Rahim (2013)<sup>2</sup>, in his research paper "Problems and Prospects of Online Share Trading Practices in India, International Journal of Marketing, Financial Services and Management Research", Abd hul Rahim has explained about SEBI and NSE, Where NSE have trade securities online as per the regulation of SEBI. He also added the benefits of the investing in equities or an equity oriented mutual funds for a longer period in his study.

Petric Loana Ancuta (2015)<sup>3</sup>, in his research paper "Benefits and Drawbacks Of Online Trading", has Explained that the investment and financial services companies should guide their marketing campaign to attract more investors for online platforms by studying other factors that influence the decision to move from traditional to online trading. He also says that the investors will switch to online trading when they have a high level of knowledge in the stock market, and higher education and knowledge of internet.

Dr. Sarika Srivastava (2016), in his article "Impact of Internet Growth on the Online Stock Trading in India" has mention that because of the internet, customers are more aware about the financial products and services and eliminated geographical barriers. The primary objective of this research paper is to analyze the impact of internet growth on the stock market transactions. The paper also discusses the current state of internet trading in India and particularly the scope of online trading market available in India.

Professor Aadil Bade (2017)<sup>4</sup>, The Department of Commerce, "Analysis- Demat account and online trading",

in this article, which was published in the Scholarly Research Journal for Interdisciplinary studies, Professor Aadil Bade has analyzed about Dem at account and online trading. He said that in India, Online trading is still at its infancy stage.

### 3. Objectives of the study

1. To study the concept of online trading.
2. To study the present online trading scenario in India.
3. To study the challenges in online trading in India.
4. To study the SWOT analyses of online trading in India.

### 4. Research Methodology

Research Methodology is the specific techniques or procedure used to identify, analyze information, process and select about the topic. In a research paper, methodology section helps the reader to evaluate study's reliability.

### 5. Secondary Data Analysis

The research is based on the secondary data. The data is collected from various sources like the Internet, Books, Magazines, and Articles, etc.

#### 5.1. Facilities of the online trading in India

In online trading, there are various facilities:

1. The investor gets register themselves with the particular online trading platform, with the following terms and conditions provided by company.
2. The servers are connected with the stock exchange and with respective banks of online trading platform.
3. The updates and current status are notified through mobile phone and emails. So, the client can be known with process.
4. The client takes their own decision by reading and understanding the content provided by the Brokerages websites.

#### 5.2. Benefits of online trading

##### 5.2.1. Convenient

Online trading has drastically changed the way of investing in stock market for common people through various platform. It becomes very easy for client to access and take glance various reports, charts and compare it. Even the client pays the transaction amount through online mode.

##### 5.2.2. Information

Now a day's information is flowing like a river in market, various sites. This information is very helpful to clients and sometime this information becomes a point of failure in online trading. The brokerages send the information through email or chats, this helps to reduce the agents in between.

### 5.2.3. Extra power

Online trading has given power or privilege to small companies to compete with various big organization in stock trading. Being online the size of particular organization does not matter.

### 5.2.4. Control at individuals

Because of online trading client can access or trade by themselves through the portal or website, they can make payment, they can buy and sell the stocks of various companies, they can do intraday trading.

### 5.2.5. Global trade

Online trading has provided this platform that the clients can trade throughout the globe without much restriction. Online trading has broken the barriers of boundaries. It becomes easy to get the investment through global market.

## 5.3. Precautions to take while doing online trading

### 5.3.1. Do not panic

The market fluctuate that should be acceptable by every client. If in want of more money the client losses some amount then he shouldn't be panic in that situation. He must stop trading for some time take the report to analyses the report before taking further action. Keep the investment for long time like for a month or until the share prices raises.

### 5.3.2. Don't make huge investments

Any client shouldn't make huge investment when he/she is emotional. The clients should take decision rationally. Wait until the market dips- then buy the shares. No one can predict the market, if anyone make the huge investment, he doesn't know when the market will go down, and he might bear a huge loss. First client should invest small amount and then gradually increase the amount of investing, so he will understand the market and can invest well.

### 5.3.3. Don't ignore expenses

You have to the brokerage charges, when you buy and sell the shares. Any client shouldn't ignore these expenses because including a single rupee by hundreds of times it increases the overall expenses. In this way the ignoring the expenses harm a lot to clients.

### 5.3.4. Don't chase performance

Any client should track the performance of fund throughout the time because without tracking the client can't invest in any company. If he buys also then even, he may loss in coming future. The reason why client shouldn't chase performance.

## 5.4. Necessary things while doing online trading

### 5.4.1. Get rid of the junk

You should never keep the share for longer time, once it showed the profit the within a time you should sell the shares without even a single thought.

### 5.4.2. Stick to your strategy

It doesn't matter if you fail one time or five times, last time definitely your strategy will work. Even if you succeeded 50% in making the profit the also you are success. Stick to your strategy.

### 5.4.3. Believe in your investment

Client should not invest in any share on just basis of suggestions or tips, it may harm their investment career in stock market. Trade rationally, first analyze the particular company then only invest in that company.

**Table 1:** SWOT analysis of online trading in India

<p><b>Strengths:</b> 1. Easy to access for clients 24x7. 2. Efficient research and analysis. 3. Constant flow of information.</p> <p><b>Opportunity:</b> 1. Can increase the number of customers by making them aware. 2. Expansion of business.</p>	<p><b>Weakness:</b> 1. Lack of awareness in customers. 2. Many times, technical issues happen. 3. High risk of securities (Money Fraud)</p> <p><b>Threats:</b> 1. Aggressive promotion strategies. 2. Various cyber-attacks. 3. More and more players are entering online trading.</p>
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## 5.5. Online trading before pandemic situation

The COVID-19 pandemic and ensuing nation-wide lock downs have managed to put a lot of people unemployed and have reduced the income generating capacity of many families. As a result, many people turned towards stock trading in an attempt to make short-term gains using the price movements of stocks.

In fact, in the span of just two months, from March to April 2020, around 12 lakh new demat accounts were opened. The retail investor trading volumes in the National Stock Exchange (NSE) have also seen a significant boost. This clearly signifies that stock trading has picked up nicely amidst the pandemic.

A major chunk of these people entering the stock market was found to be made of young investors who were new to the trading and investment scene. Since they're just beginners who are just starting their investment journey, they're likely to be inexperienced with the ways of the stock market. If you're a new and young investor, here are some things that you should know before you go about trading.

### 5.6. Online trading during pandemic situation

Day trading has become very popular and interesting worldwide since the onset of the coronavirus pandemic. Activity has “increased dramatically” in the quarter of 2020 compared with 2019. TD Ameritrade reports that visits to its website giving instructions on trading stocks have nearly quadrupled since January. Meanwhile, trading apps like Robin hood are seeing a surge in business.

Millions of unemployed people “feel it is a method they can use to replace the lost income,” he said. In addition, he said, people are doing things they normally wouldn't because of all the additional time they have on their hands.

### 5.7. Challenges in online trading in India

#### 5.7.1. Blindly following the crowd

Common man generally lack in wisdom of share market, and they don't believe on their own decision. So, mainly they are dependent on crowds decision. This is a time where the investors fails and hence, fall in a trap of buying unnecessary shares.

#### 5.7.2. Inadequate information about the quoted companies

Mainly the investor doesn't have the information related to particular company. Generally, it happens with small and medium short-listed companies, and they even don't find relevant to do research. Many investors are not aware about the up and down of the share prices.

#### 5.7.3. Global effects

In present scenario of the world, stock markets are integrated with world markets. Any type of fluctuation in global market, affects the Indian stock market. This kind of affect is sometime direct and sometime indirect.

## 6. Findings

1. Share of online trading is growing since 2015.
2. Well-structured process needs to follow for online trading.
3. Handling of online trading is easy but comes with some risk.
4. In year 2019 the first-time user of online trading increases across various organization.
5. Awareness about usage of online trading is less across India.

## 7. Conclusion

Contribution to capital market is very important, it reduces the gap between capital deficit and capital revenue. So, we should increase the various way to invest more. Online trading platform plays a vital role in economic development and hence everyone should encourage the online trading.

Slowly more investors are attracted towards online trading for returns. Tax benefit. The various teaching programmed should be launched to make aware the client with respect to online trading.

Online exchanges need to always secure, have adequate backup and recovery process. The basic aim should provide fair and transparent access.

The investor should learn about the development taking place in the market place. Investor should keep in mind before investing in share market that trading has both positive and negative effects.

## 8. Books

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## 10. Source of Funding

None.

## 11. Conflict of Interest

None.

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**Cite this article:** Sharma S, Anute N, Ingale D. A study of online trading system in India. *J Manag Res Anal* 2021;8(3):139-142.