

# A PROJECT REPORT ON ONLINE TRADING

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## ABSTRACT

In previous days the stock exchange 'hall' is called a 'floor' is divided into a number of markets according to the security which is being dealt with. The authorized clerk goes to the particular part of the floor called the 'pit' and makes his quotation for the purchase or sale according to the order. The dealer to whom the quotation is given quotes his own price, if it does not suit the clerk, he asks for a lower price to be quoted. When both the sides are satisfied, the price is settled and the 'bargain' is made usually, those bargains are orally settled, there is no return contract between the two parties. The clerk usually note book which records all purchases on the debit side and sales on the credit side. This is called a 'Kuchaa Hissab' for noting down details.

In this system of trading in traditional stock exchanges of the transactions between the dealer and the investor.

After invention of the ONLINE TRADING in stock exchange there is greater transparency of trading

## 1. INTRODUCTION:

Technology has changed the landscape of the stock markets. They now don't require a trading floor & can, from a single location anywhere can service investors across the country.

Before screen based trading was introduced Regional Stock Exchange were playing a very important role in the Capital Market as they were local investors. Now they are all developed screens based trading is connecting floors with other stock Exchanges.

When you place an order to buy or sell stock, you might not think about where or how your broker will execute the trade. But where and how your order is executed can impact the overall costs of the transaction, including the price you pay for the stock. Here's what you should know about trade execution.

### Definition

The increasingly popular activity of buying and selling securities over the internet, or to a lesser extent, through a broker's proprietary software.

Buying and selling securities using the Internet or broker-provided proprietary software that works through the Internet. Online trading is distinguished from Wireless Trading, a nascent area of service where brokerage customers can trade via cell phones, pagers, and hand-held organizers.

An account similar to a traditional bank account, holding cash and securities, and is administered by an investment dealer.

An account held at a financial institution and administered by an investment dealer that the account holder uses to employ a trading strategy rather than a buy-and-hold investment strategy.

Though trading accounts are traditionally thought to hold only stocks, a trading account can hold cash, foreign cash, securities and a number of other types of investment.

Investors who use a number of trading strategies or have number of brokerage accounts may separate their accounts in order to avoid confusion. One account may be a registered account for their retirement

savings, another account may be a buy-and-hold account for their long-term stocks, another may be a margin account, and another may be a trading account used for conducting day-trading activities.

## SOCPE OF THE STUDY

SEBI in September 1996 has issued guidelines to the stock exchanges to go for online trading procedure by the end of the year 1996. Following its directions ASIT C.MEHTA has installed the online trading system. The major need for this study is to know the effectiveness of the online system in comparison with the outcry or mock trading to study its advantages and recommend for beneficial and effective use of the system.

## OBJECTIVES OF THE STUDY

The objective of the study includes the study of the below mentioned aspects.

- The know more about online trading trends in India.
- To study about the backup measures with respect to primary communications liabilities, in order to achieve network availability & connectivity back-up options.
- Knowing about the latest & future development in the stock exchange trading system.
- Clearly defining each & every term of the stock exchange trading products.

To know the on-line screen based trading system adopted by Angel Broking Limited and about its communication facilities for the appropriate configuration to set network. This would link the Angel Broking Limited individual brokers/members.

## 2. LITERATURE SURVEY

### 1. Online Stock Trading in India: An Empirical Investigation

With IT fuelling Indian economy, Internet is adopted as effective tool in catalyzing the business activities. Latest developments in information technology have

altogether changed the business done traditionally. As financial system is becoming more complex it has become need of the hour where investors should comprehend the data and understand recent intricacies of online trading. In Indian context e-trading is relatively new phenomenon, which has yet to gain some significant meaning. In the past investors have no other option to get market information except to contact their local broker? But Internet trading in stock market is becoming medium of exchange whereby investor can order stock exchange on simple mouse click sitting at his place. Keeping in view current market requirement an attempt has been made in this research paper to analyze current status of online trading in Indian scenario. Facts highlighted in this study clearly reveal that although online trading is picking up its speed to tap investors yet it is expected to adopt creative strategies to lure customers from physical trading to net trading.

### 2. Online Trading: The Future of Stock Market

The avenue of the internet is a convenient method for the public to carry out financial transactions online and even faster than ever. Online trading over the stock market for the consumer indulges all the platforms of banking, commerce, money and resultantly discovers a ease to them. Online trading comes under the percept of E-commerce which has become a greater tool of ease in the universe at this jiffy. In India, there are few companies to offer such trading business. In fact, stock market business has expanded to such an extent which has never happened before. This has become an imperative to the success to all the organisations of online trading business world wide. This research paper will concentrate on the future of stock exchange through online trading and their Security rate of trading online.

### 3. RESEARCH METHODOLOGY

#### RESEARCH

Research is process in which the researcher wishes to find out the end result for a given problem and thus the solution helps in the future course of action. Redman and Mary defines research as a “systematized effort to gain new knowledge”.

#### RESEARCH DESIGN

A research design is the arrangement of conditions for collection and analysis of data in a manner that aims to combine relevance to the research purpose with company in procedure. In fact, the research design is the conceptual structure with which research is conducted; it constitutes the blue print for the collection, measurement and analysis of data.

#### RESEARCH DESIGN USED IN THE STUDY

##### Descriptive Research

Investigations whose purpose is to provide precise descriptions of variables and their relationships; surveys are frequently used as designs for descriptive research.

#### SOURCES OF DATA

There are two sources of data

- a. Primary data
- b. Secondary data

##### Primary Data:

This method is includes the data collected from he personal discussions with the authorized dealers and members of the company.

Secondary Data:

The Secondary data is collected through annual reports and statements available with NOL.

##### Tools and Techniques of the Analysis:

- Graphs. Tables and charts used for the analysis.

### 4. FINDINGS OF THE STUDY

1. The investor is able to know the risk and returns of the share by using  
Online trading.
2. It is useful to each and every investor who wants long and short-term  
Investments.
3. Estimating future EPS good result in future.
4. Investor must have a basic idea about the computer operations.
5. It is very must have a basic idea about the computer operations.
6. The result of analysis is proving correctly in the matter of price movements.
7. Avoid buying shares of a company with an equity capital of less then  
Rs. 1crore.
8. Avoid buying shares of a company with number of shareholders.
9. Investors must show interest in steady and fast growing shares only.
10. If the investor is confident of EPS moving up and expect the P/E to  
Increase as well stick to the shares and be patients.

### 5. LIMITATIONS:

- The study is only up to the extent of online trading of the stock exchange.  
The study is restricted to selected companies.

### 6. CONCLUSION

In the present scenario to compete with the Broker's would require sound infrastructure and trading as per international standards.

The concept of business has changed today, this is a service oriented industry hence the survival would require them to provide the best possible service to the clients.

The benefits of depository system are significant. Introduction of depositories will improve the market efficiency, through adopting criteria for describing scrip depositors eligible. If the company is not able to meet the criteria, the company gets to be shifted to paper based market. This leads to falloff image of the company. Hence, the company will try their best to reach the eligible criteria to move into system.

Secondly, the paper management will substantially reduce. This helps in savings in time for allotment/transfer of scripts. This improves internal systems effectively.

Thirdly, the intensity of trading in the script is likely to increase substantially. The experiences of the developed countries, these who are introduced the depository system, shows that there will be around 5 to 6 times increase in the turnover. This happens due to investors indulging more and more in buying and selling even for marginal trading profits.

Fourthly, the cost of bad deliveries, forged share certificates and unproductive back office activity will vanish for corporate.

Last but not least, the depository system will bring in a sea change in corporate democracy, particularly in corporate management price discovery in market place and proxy exercise etc

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