Souvenir

ISBN 978-81-927305-6-1

National Seminar

On

"RECENT TRENDS AND IMPACT OF E-TRADING IN INDIA"

12-13 February 2016

Organized by

Department Of Commerce and Economics

'Shirdi Sai Rural Institute's'

ARTS, SCIENCE AND COMMERCE COLLEGE, RAHATA

Tal.Rahata, Dist. Ahmednagar (423107)

"NAAC ACCREDITTED "A" GRADE COLLEGE"

Recipient of **"Best Rural College Award"** from University of Pune (2012-13)

Recipient of "Best Rural College Award" from Student Welfare Board, University of Pune (2011-12)

E-mail : rahatacollege@rediffmail.com

business is possession out goods and an extraordinary idea to be able to sell goods and services without the procurement. It is further examined that the online trading business in the stock market has a huge impact over other businesses in terms of expansion and growth.

Reference

1. *Walia, N. Kumar, R.* (2007) Online Stock Trading in India: An Empirical Investigation. Indian Journal at Marketing 37(4),67-69pp.
2. *Srivastava, S.* (2011) Impact of Internet growth on online stock trading in India. International Journal of Marketing, Financial Services and Management Research 2. (3),35-38pp.
3. *Rahim, A.A.* (2013) Problems and prospects of online share trading practices in India. 123-129pp
4. *Singh, A. Sandhu, H.S. Kundu ,S.C.* (2010) Investors Adoption of Internet Stock Trading. JIBC 15(7),46-51pp.
5. *Bakos Y, Simon G, Lucas ,H,C. Viswanathan, S. Weber, B.W. et al.* (2005) The impact of e-commerce on competition in the retail brokerage industry. This version is Forthcoming in information systems research. 145-147pp.
6. *Krishnan A* (2006) Online trading clicks big with investors: Business Line. International Journal of Marketing, Financial Services and Management Research 2(7)150-155pp.
7. *Lynnwood's* (2003) online trading investors take change. Kiplinger's personal finance.
8. *Bhasin ML* (2005) E-Broking as a Tool. Journal of services Research 5(1) 151-167pp.

RECENT TENDS IN E-TRADING

Dr. Shrish Nana Gawali, Ex. Faculty Member, Suritribai Phule Pune University, Pune, Associate Professor, C.D.Jain College of Commerce, Shrirampur, Email Id :gawalishirish@gamil.com

Abstract :

Electronic trading means e-trading is a method of trading securities (i.e. stock and bonds), foreign exchange or financial derivatives electronically. Online trading is conducting stock transactions on the internet via several websites. In this way, the online transaction processes of finance inclusive of buying and selling of bonds, stocks and other investments these all comes under online trading. Online trading over the stock market for the consumer indulges all the platforms of banking, commerce, money and resultantly discovers a ease to them. Information technology is used to bring together buyers and sellers through on electronic trading parform and network to create virtual market places. There are various exchange based system i.e. NASDAQ,

NYSE Area and Globex as electronic communication networks (ECNS), alternative trading systems, crossing networks and dark pools. But in recent trends electronic trading is replacing human trading in global securities market.Therefore, electronic trading is in contrast to older floor trading and phone trading and has a number of advantages but glitches and cancelled trades do still occur. In this way, stock market business has expanded to such an extent which has never happened before. This paper focuses on recent trends in E-trading.

Keywords : E-trading, securities, information technology, phone trading, stock market.

Objectires of the study :

1. To study the the background of E-trading.
2. To understand the impact of e-trading.
3. To evaluate the emerging trends of online trading business.
4. To study the scope of online trading.

Research Methodology :

For this study the secondary data is collected from different websites, journals, newspapers, company reports, various books and the available literature on the subject.

Background of E-trading :

Last many years stock exchanges were physical locations, where buyers and sellers met and negotiated. But due to the improvement in communication technology in the late 20th century, the need for a physical location become less important and traders started to transact from remote locations in what became known as electronic trading. Electronic trading made transactions easier to complete, monitor, clear and settle and this is very useful for e-trading.

One of the earliest examples of wide spread electronic trading was on Globex, the CME Group's electronic trading parform conceived in 1987 and lounched fully 1992. In 1971, NASDAQ was the world's first electronic stock market.

By 2011 investment firm were completed their purchasing and selling transactions through electronic trading.

Trading in the financial markets can broadly be split into two groups.

- Business-to-Business (B2B), trading, often conducted on exchange, where large investment banks and brokers trade directly with one another, transacting large amount of securities and
- Business-to-Consumer (B2C) trading. Where retail (e.g.individuals buying and selling realtively small amounts stocks and shares) and institutional clients- buy and sell from broker or dealers who act as middle- men between the clients and the B2B market.

For stock trading, the process of connecting counter parties through electronic trading is supported by the financial information exchange (FIX) protocol.

In this way the actual senario of all the business trends have diversified their business into online transactions of their goods and services and literally it has a great impact on their sale of business.

Impact of E-Trading :

To develop the e-trading, the following are the some of the important implications:

- Greater liquidity :-

Electronic systems make it easier to allow different companies to trade with one and other, no matter where they are located. This leads to greater liquidity i.e. there are more buyers and sellers which increases the efficiency of the market.

- Tighter spreads :

The speed on an instrument is the difference between the best buying and selling prices being quoted, it represents the profit being made by the market makers. Therefore, it increased liquidity, competition and transparency means that spreads have tightened, especially for commoditized, exchange traded instruments.

- Greater competition :

While electronic trading hasn't necessarily lowered the cost of entry to the financial services industry, it has removed barriers within the industry and had a globalisation – style competition effect.

- Reduced cost of transaction :

By using e-trading costs are brought down. The object is to reduce the incremental cost of traders as close to zero as possible. Therefore, that increased trading volumes don't lead to significantly increased costs. So, it has translated to lower costs for investors.

- Increased Transparency :

E-trading has meant that the markets are less opaque. It is very easier to find out the price of securities when that information is flowing around the world electronically.

In this way for retail investors, financial services on the web offer are great beneficials. The primary benefit is the reduced cost of transactions for all concerned as well as the ease and the convenience.

Reasons for the emergence of online trading in India :-

The reasons for providing online trading facility to investors by the Indian companies are various. These are as follows :

- Consistent increase in the number of personal computer users.
- Less investment in technology and other areas compared to the returns.
- Consistent increase in the number of users of interest.
- More awareness in investors about the stock market.
- Part of diversification
- Online trading has a very good future in India as it is not exploited properly so for.

Advantages of e-Trading :-

- More flexibility in terms of being able to see what options are available to investors and scan the market.
- Handy tools to model interest earned, yield returns etc as well as financial screeners to research stocks and bonds.
- More control on transactions.
- Lower brokerage and fees
- Some online brokerages have access to research reports prepared by standard and poors and such and these can give investors some really good insight.
- Real-time values of investor's portfolio.
- Good research tools and newsfeeds in each stock.

Therefore, investors can also get many of these for free from sites like Marketwatch, Fool.com

Diadavantages :

- If investors are not careful, so investors could end up trading too much just because it's so easy too, but it is in investors hands to control.
- Online trading is a good or bad at the time of transaction. There is no advisor to help investor so the risks may be higher in buy or sell.

Emerging trends of online trading business :-

- After the emerging of sparkling trend of online trading business
- Travel costs has been reduced by way of retaining the staff in city offices of service companies to sell or repair the stock.
- Marketing expenses have reduced by way of reduced advertising on broad cost media.

i.e. internet an direct marketing to increase efficiency of marketing communications.

- The communication cost of business to business has been cut substantially by using alternative means of communication online being used for the business purpose it self.
- Miscellaneous expenses have been reduced by vacating accommodations and by reducing rentals in some of the cities as the business transactions as a whole are being done through online website even without the procurement.
- In the Indian market, these measures have not only served the purpose of marketing the organization more turned to efficient business practices but have also resulted in net savings in thousands of crores over the previous years. Now a days, a separate focus is being put on reengineering the business processes around the internet. Due to the increasing convergence of IT sector, networking sector, technology sector, the online trading in the stock exchange companies plans to venture into IT enabled services. They will include internet access, content development, web hosting and E-commerce applications. In this way, for a couple of years, this online business trend has been profit making in the world over, a lot many dividend paying companies being established since 1980 with a consistent growth in online business volume year.

Conclusions:

It is concluded that, capital market plays a vital role in providing liquidity and the potential of the India capital market is immense. So, the stock business of online trading business have been increasing since its existance in India, at the start it has an gradual improve but later on it has have expanded a lot much and even market share of online traders is incrasing. All the investors who are dealing with the online sites most probably having access on the networking sites and resultantly advertisement tie up gets automatically clicked. In this way the online trading business in the stock market has a huge impact over other business in terms of expansion.

References :

1. Rahim A A (2013), Problems and prospects of online share trading practices in India.
2. Srivastara S (2011), Impact of internet growth on online stock trading in India, International Journal of Marketing, financial services and managements Research.2
3. Monga R (2005), The stock market, Business world
4. http://www.linkedin.com/pub/melissa-romanzo/43/2bb/221.
5. http://www.mckinsey.com/mgi/publications/internet_matters/index.asp