

Analysis of Demat Account and Online Trading

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Abstract:

A study on evaluation of online trading facilities with reference to financial services of various sectors . The main objective of the research was to evaluate the online trading facilities of which was carried out a period of specified deals. This paper study conducted is descriptive in nature and the sample size used for this study is 50. The method used for this study is Primary and secondary data collection method. For collecting the data structured questionnaire was used in this study. Percentage analysis and graphical representation were used for analysing and interpretation. This paper mainly focuses on customer feedback and suggestions that would be useful to to take necessary actions to solve them in a better manner. The findings revealed that most of the respondents are satisfied with the online trading facilities provided by the organization. The work would surely help to forecasts the customer needs and help the company to take the necessary steps.

Keywords: Online Trading, E-Business Development, Business promoting.

INTRODUCTION:

The process of converting shares from their physical form to their electronic form is called dematerialization. Prior to dematerialization the Indian stock markets have faced several problems like delay in the Transfer of certificates, forgery of certificates etc. Dematerialization helps to overcome these challenges as well as decreases the transaction time as compared to the physical segment. The essay addresses the methods, advantages and challenges of dematerialization. The Indian Stock markets have undergone a big transformation with the advent of depository system and scrip less trading mechanism. There were a number of issues, including excessive delays in the transfer of share certificates, a hold-up in receiving securities, and a lack of infrastructure in the banking and postal sectors to manage a high volume of applications and storage of share certificates. The process of converting shares from their physical form to their electronic form is named dematerialization. before dematerialization the Indian stock markets have faced several problems like delay within the Transfer of certificates, forgery of certificates etc. Dematerialization helps to overcome these challenges also as decreases the transaction time as compared to the physical segment. The essay addresses the methods, advantages and challenges of dematerialization .The Indian Stock markets have undergone an enormous transformation with the arrival of depository system and scrip less trading mechanism. there have been variety of issues, including excessive delays within the transfer of share certificates, a hold-up in receiving securities, and a scarcity of infrastructure within the banking and postal sectors to manage a high volume of applications and storage of share certificates. Dematerialization, or simply "demats," is the act of changing shares from their physical form into an electronic one. When Internet has affected all

sectors, how come "stock markets," the most important player in the economy, has lagged behind? The converted electronic data are stored with the depository from where they will be traded. Like all other sectors Internet has set its feet within the stock markets also. Online trading commissions are clearly stated on the websites of the varied providers and, counting on the sort of securities being traded and therefore the magnitude of the deal, are normally a group rate fee. In theory, therefore, an Internet investor always knows what commission he's being charged on each trade. Online investors might take the maximum amount time as they might want to require before making a trade order. Similarly the web investor likely doesn't need to worry that his broker is making unauthorised trades. Likewise, the web investor can no way come a victim of inordinate trading(where for the broker) since the investor maintains total control over the amount of deals which happen within the account. All of those positive features of internet trading may lead the unwary investor to believe that Internet trading may be a thanks to take hold of their finances and save further plutocrat within the process. Unfortunately, this is not always the case. the benefits of Internet stock trading have also its sins and these sins present significant downsides for the typical investor. First and foremost, the typical investor isn't an expert within the fiscal requests. there is a peril for allowing the autonomy of online trading to housing you into the assumption that you're an expert investor. a web investor sitting reception at a particular computer also foregoes proper investment advice and fiscal planning, maybe among the foremost precious services handed by traditional brokers.²⁴ There are, of course, fresh pitfalls relative to performing deals over the web especially on a participated computer. Those people whom investors have handed their account number and word can freely trade that account while the investor will have little, if any, resource against the brokerage establishment for the breach of security. Customer satisfaction may be a measure of how products and services supplied by a corporation can meet the client's prospects. client satisfaction remains one among the only strongest predictors of client retention. It's vastly more precious to draw in new guests than it's to stay old bones.

INDIAN E-BROKING SCENARIO:

The Indian stock broking business has skilled a sea of changes. From that of a business dominated by few individual players to institutional members, as did trading open out cry and hidden deeds to screen best and transparency. India enters the cyber-trading era to equal the present market trends taking into consideration the necessity to facilitate inflow of funds within the capital market. The trading system will enable all categories of investors, resident and nonresident Indian, to trade online. Online brokerage in India remains in its youth. Though the trade through online broking is extremely miniscule compare to total trading.

REASONS FOR ONLINE TRADING IN INDIA:

Each investor has one or other reasons to travel for online trading rather than offline trading. they're as follows:

1. they're independent. They fell they need control over their account; can make their own decisions and don't need to give reasons for his or her actions.
2. they need a reason to participate within the stock exchange and study it.
3. They find it interesting, cheap, easy, and fast and convenience.
4. tons of data is online in order that they can keep up-to-date with what's happening within the trading world.

5. they're sure and overconfident.

Literature review:

Olekar & Talwar (2013) in their research paper Online trading & DEMAT account in India Some issues observed

that the banks normally apply or levy a lower service charges compared to other depository participants available in

the market. He also found that when the numbers of users are doing more transactions, the speed of transactions is

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Objectives of the study :

1. To analysis the performance of India bulls with other brokers available in market.
2. To identify the factors which influence customer satisfaction from the services provided by India bulls.
3. To study about demat account and online trading

RESEARCH METHODOLOGY:

Research design

The present study may be a sample survey of selected respondents.. The respondents were selected from NOIDA district through selected stock broker office.

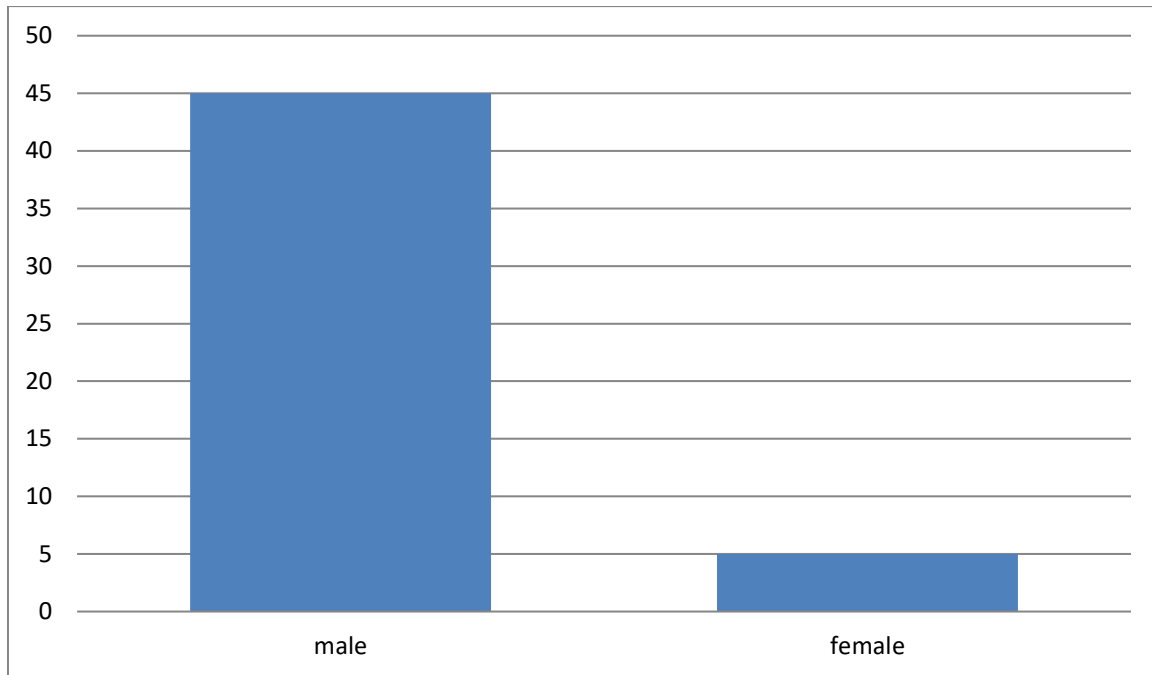
Source of data: The investigator convenience sampling to gather data from the respondents. The respondents were selected from NOIDA district through selected stock brokers office.

1. Primary Data The primary data for gathering the answers was a web questionnaire, which was sent to chose sample via email invitation. 50 respondents for data collections.
2. Secondary Data: Secondary resource provide initial insight into the research problem and include both raw data and published summaries, sources, such as, articles, books, journals, etc. during this research secondary data was mainly collected from Google Scholar website (<http://scholar.google.com>) which provides numerous articles and researches.

Results and interpretation:

1. THE GENDER OF RESPODENTS:

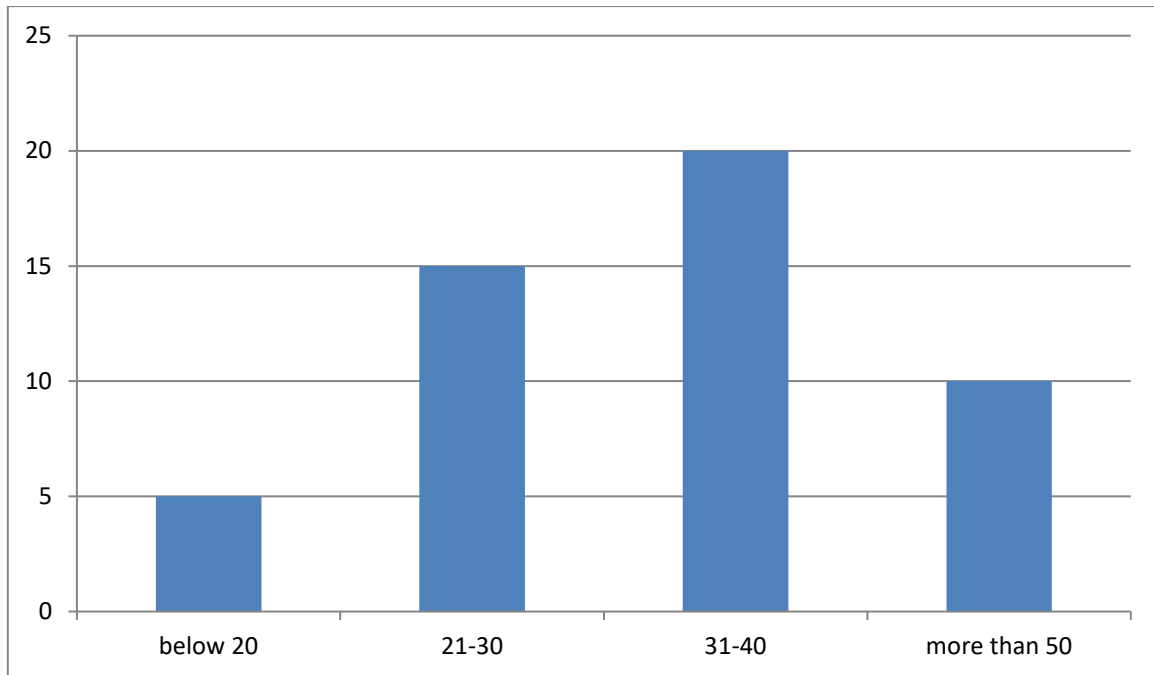
S.NO	GENDER	NO OF RESPODENTS
1	MALE	45
2	FEMALE	5
	TOTAL	50



Interpretation: In the survey the gender consists of 45 were males and 5 were females.

2. THE AGE OF RESPODENTS:

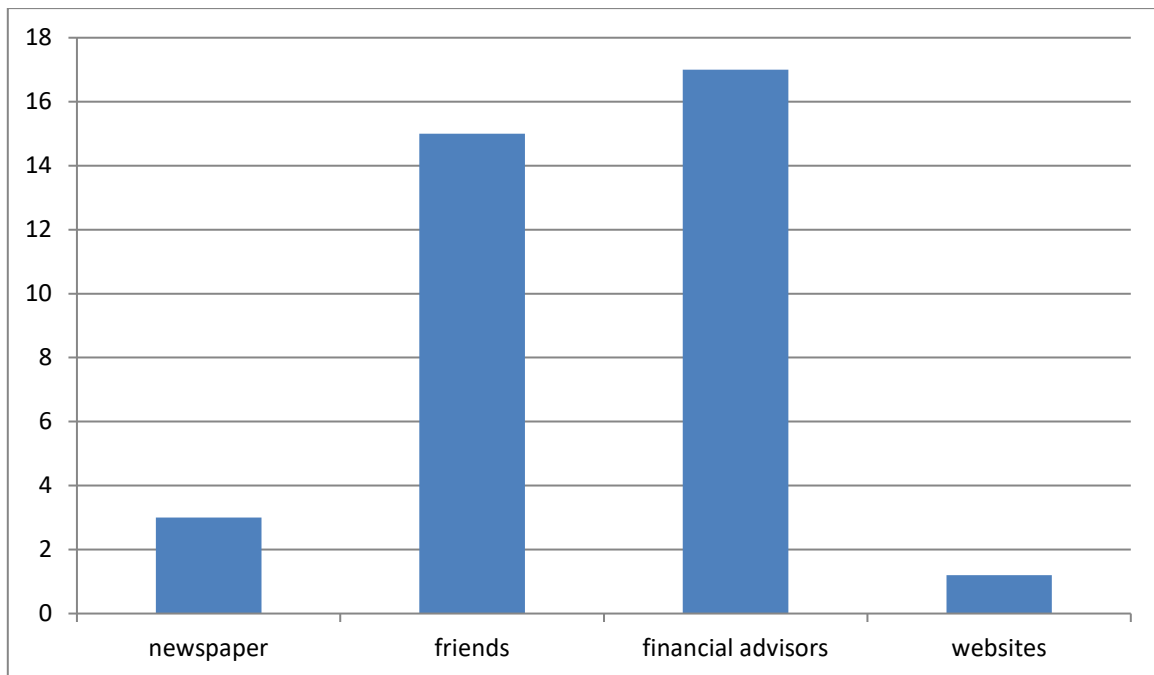
S.NO	AGE	NO OF RESPODENTS
1	BELOW 20	5
2	21-30	15
3	31-40	20
4	MORE THAN 50	10
	TOTAL	50



Interpretation: 5 respondents were below age group of 20, 15 were in 20-30 age group, 20 were in the age group 31-40 and 10 were more than 50.

3.The awareness on online trading:

S.NO	PARTICULARS	NO OF RESPONDENTS
1	NEWSPAPER	3
2	FRIENDS	15
3	FINANCIAL ADVISORS	17
4	WEBSITES	15
	TOTAL	50

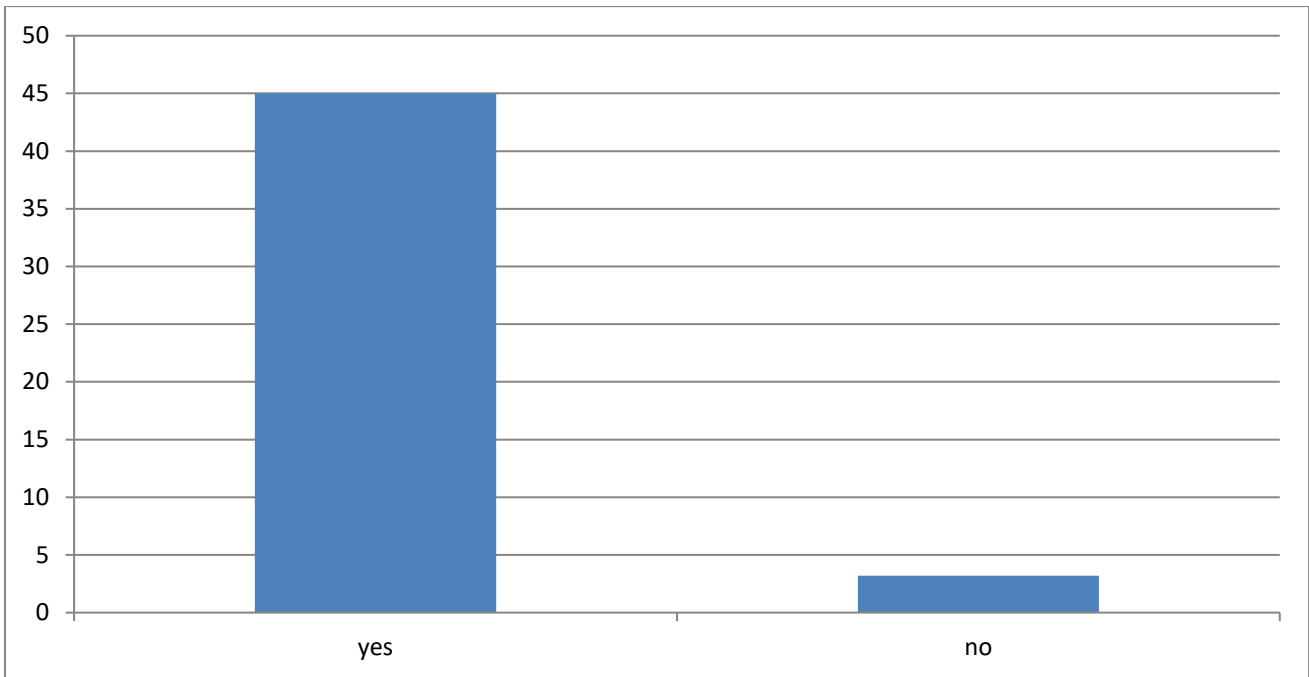


Interpretation:

3 respondents came to know from newspaper, 15 from their friends and families, 17 from financial advisors, and 15 from other websites.

4. The online trading is secured:

S.NO	PARTCULARS	NO OF RESPODENTS
1	YES	45
2	NO	5
	TOTAL	50



Interpretation: 45 respondents said online trading is safe and 5 of them said that it is not secured.

Dematerialized Trading:

In the "Demat" process, the investor's securities, like shares and debentures, are transformed into electronic data and stored in computers by a depository. Securities held in an investor's name must be surrendered to a depository participant (DP), who then sends the securities to the acceptable companies, which cancel them after "Dematerialization" and credit the investor's depository account with the DP. The securities on Dematerialization appear as balances in investors depository account. almost like actual shares, these balances are often transferred. The Depository assists the investor in converting these "Demat" securities back into paper certificates if they decide to do so at a later time. Depository functions sort of a securities bank, where the Dematerialized physical securities are traded and held in custody. this permits a quicker, risk-free, and cheap settlement. Depository functions during a lot of the way that are almost like those of a bank. Following table compares the two:

Bank	Depository
Holds funds in accounts	Holds securities in account
Transfers funds between accounts	Transfers securities between account
Transfers without handling money	Transfers without handling securities
Safekeeping of money	Safekeeping of securities

Benefits Of Demat:

- No stamp tax on transfer of securities.
- Immediate and fast transfer of securities.
- Elimination of 'Bad Deliveries'.
- Elimination of risk by loss, theft, mutilation etc.

- Faster settlement and disbursement of Corporate benefits like Bonus, Rights, Dividends etc.
- Elimination of mismatch in Bank Accounts and Address.
- Convenient Nomination facilities.
- Convenient Transmission formalities just in case of death of a holder.
- No TDS deduction for demat securities.
- Demat account information and statement regularly sent to the customer.

FINDINGS:

1. Dematerialization has made the stock exchange more transparent and has helped it attract more investors day by day.
2. because the volume continues to rise, DPs are going to be ready to lower the fees for opening and maintaining demat a/c.
3. it's been noted that banks often charge a smaller service charge than other depository participants.
4. There are various other banks that charge but other securities companies for demat services.
5. The speed of the transaction is impacted by the amount of individuals that are online.
6. those that speculate without having the whole amount of cash or shares with their DP likely to run a much bigger risk because the rolling settlement is at some point.
7. Despite the very fact that internet trade allows for anonymity,
8. Customers, the bulk of online traders won't enjoy trends available from the trading room.
9. Investors who transact online got to be well-versed in analysis of data provided by firms over the web.

CONCLUSION:

On the stock exchange, online trading may be a novel idea. Online commerce in India remains in its infancy. Internet trading has made stock exchange trading simple since it now allows users to trade while seated reception. The stock exchange is now widely accessible to the overall public. In conducting business online, there are various issues. Investor loyalty to established brokers and reliance on their advice are two major issues that internet traders must affect.

Another significant issue is that not most are fully informed about internet trading. Yet, given the growing share of trades conducted online, it's safe to conclude that internet trading features a promising future. Yet in India, this has mostly gone unnoticed. Most brokerage businesses in India originates from small investors, and efforts are focused on servicing them well. due to their ability to succeed in the walk, this is able to help them be a competent middleman for offering different financial services.

The regulation of the stock exchange has been significantly aided by SEBI. Dematerialization and online trading, among other SEBI initiatives, have boosted trade transparency. No industry can afford to be hit by lethargy within the global marketplace. The success of any corporate operation depends on management, though.

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