IJERST

International Journal of Engineering Research and Science & Technology

www.ijerst.org

ISSN : 2319-5991

Vol. 21 No. 3 (1) 2025

ijerst.editor@gmail.com
editor@ijerst.com

ISSN 2319-5991 www.ijerst.com
Vol. 21, No. 3(1), 2025

Research Paper

ONLINE TRADING (FUTURE & OPTIONS) AT INDIABULLS

Juveriya [1] **MBA Student**
Dr Chandra Sekhar Pattnaik [2] **PROFESSOR**
[1,2]MASTER OF BUSINESS ADMINISTRATION
[1,2]Megha Institute of Engineering and Technology for Women, Sy. No. 7, Edulabad Road, Edulabad, Ghatkesar, Telangana.

Received: 05-6-2025 Accepted: 06-7-2025 Published: 14-7-2025

ABSTRACT

The Present Project Work "**A STUDY ON ONLINE TRADING**" IS carried out in INDIA BULLS SECURITIES LTD.

The project is categorized into VII chapters

Chapter1: Deals with the Objectives, Needs, Scope, Importance, Methodology and Limitations. Chapter2: Deals with the Introduction to the topic & Review of literature Chapter3: Deals with the Industry profile Chapter4: Deals with the Company profile Chapter5: Deals with the Comparative analysis Chapter6: Deals with the Findings, Suggestions & Conclusion

Deals with the bibliography

INTRODUCTION

Stock exchange is an organized market place Stock exchange is an organized market place where securities are traded. These securities are issued by the government, semi-government bodies, public sector undertakings and companies for borrowing funds and raising resources. Securities are defined as any monetary claims (promissory notes or I.O.U) and also include shares, debentures, bonds and etc., if these securities are marketable as in the case of the government stock, they are transferable by endorsement and alike movable property. They are tradable on the stock exchange. So are the case shares of companies.

Definition

Stock exchange is defined as "an association, organization or body of individual whether incorporated or not, established for the purpose of assessing, regulating and controlling business in buying, selling and dealing in securities".

Under the Securities Contract Regulation Act of 1956, securities‟ trading is regulated by the Central Government and such trading can take place only in stock exchanges recognized by the government under this Act. At present there are 23 such recognized stock exchanges in India. Of these, major stock exchanges, like Bombay Stock Exchange National Stock Exchange, Inter-Connected Stock Exchange, Kolkata, Delhi, Chennai, Hyderabad and Bangalore etc. are permanently recognized while a few are temporarily recognized. The above act has also laid down that trading in approved contract should be done through registered members of the exchange. As per the rules made under the above act, trading in securities permitted to be traded would be in the normal trading hours (9:00 A.M to 3.30 P.M) on working days in the trading ring, as specified for trading purpose.

TRADING PROCEDURE BEFORE ON-LINE

THE TRADING RING:

Trading on stock exchanges is officially done in the ring for a few hours from 9.00 A.M to 3.30P.M. Trading before or after official hour is called KERB TRADING. In the trading ring space is provided for specified and non-specified sections. The members of their authorized assistants have to wear a badge or carry with them identify cards given by the exchange to enter the trading ring. They carry a Saudi book or confirmation memos duly authorized by exchange. The stock exchanges operations at floor level are highly technical in nature. Non-members are not permitted to enter into stock market. Hence, various stages have to be completed in executing a transaction at a stock exchange. The steps involved in the methods of trading have been given below:

NEED FOR THE STUDY:

Online trading mechanism enables investors to invest easily and to have free transactions process. Investors need to have a demat a/c and trading a/c to transact i.e., trading in any stock exchange. The investors mainly using online as it is very easy to operate. Earlier to this investor used to go to exchanges directly and operate there itself. Now the scenario of equity market has changed tremendously and grown rapid in size also. The awareness about investment also increased a lot. It is very important to know about online & offline mechanism before one invests in equity markets. One should know the advantages and disadvantages about the online & offline trading mechanisms so that they can benefit from trading.

SCOPE OF THE STUDY:

The scope of the study is to know how the On-line Trading activities in equity market are carried out in India bulls. By studying the Online Trading system, 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.

OBJECTIVES OF THE STUDY

- To study the investment pattern of the investors.
- To access the standards and performance of online trading system
- To study impact of online trading system in equity market segment
- To identify the problems in trading offline and online.
- To offer suggestions for effective online trading system

LIMITATIONS OF THE STUDY:

The project may suffer from the following limitations:

- The required data may not be available due to which it cannot be accurate.
- It was difficult to collect the data from the clients, as they are apparently busy.
- Online trading procedure only exhaustive analysis, problems of listing, management of trade, SEBI guidelines relating there to be not covered due to limited time period and to keep the study in manageable limits.
- The accuracy and correctness can be measured only to the extent of what the sample Group has furnished.

RESEARCH METHODOLOGY

DATA COLLECTION METHODS: The data collection methods include both the primary and secondary collection methods.

Primary method: This method includes the data collected from the personal interaction with the clients and from others randomly.

Secondary method: The secondary data collection method includes:

- The lecturers delivered by the superintendents of respective departments.
- The brochures and material provided by India bulls Securities limited.
- The data collected from the magazines of the NSE, economic times, etc.
- Various books relating to the investments, capital markets and other related topics and also, from NCFM module books

RESEARCH METHODOLOGY

Area of research: -	Hyderabad Sample
Design: -	Random Sampling
Sample Size: -	100 Customers
Research Instrument: -	Questionnaires

REVIEW OF LITERATURE

TRADING SESSION

Trading timings are from 9:00 A.M. to 3:30 P.M. on all 5 days of the trading period. Monday to Friday is the trading period in all the stock exchanges. SEBI has stipulated that all the stock exchanges in India must have same trading period.

TRADING PROCEDURE BEFORE ONLINE TRADING:

Market Access Trading Sessions

The market would have the following sessions:

- **Logon Sessions: 8.45 a.m. to 9.55 a.m.:**

Trading Members can LOG ON during this session and can download various trading related information. They can prepare the batch of orders for speedy submission at the start of the Trading session.

During this session the Trading Members are not allowed to enter orders in the BOLT system. Trading Members can do the batch upload of orders during this session. However, the bath submission of these orders can be done only in the continuous trading session. During this session the Trading Members are not allowed to enter orders in the BOLT system. Trading Members can do the batch upload of orders during this session. However, the bath submission of these orders can be done only in the continuous trading session. Trading members/traders can also download the BRK (consolidated trade log i.e., trades form various TWS‟s can be downloaded by the Trading Members), TRD files (trade log file can be downloaded by the trader from his TWS pertaining to his TWS) of the previous 5 settlements and the Auction files can be downloaded for the previous 25 settlements.

Continuous Trading Session: 9.00 a.m. to 3.30 p.m.:

During this session, all types of orders are allowed to be entered into the system and the traders can carry on all their trading activities. The trade receives confirmations of the orders entered as well as trades executed by him and can also view the net position on both scrip-wise and client-wise. The ticker facility in the BOLT provides market sensitive information as and when received from the sources. The BSE SENSEX is calculated at every 15 seconds and is broadcasted on TWS as well as to the Derivatives system of the Exchange. The rate of the scrip is determined by the market forces based on the demand and supply.

Kindly note the Block Deals orders are allowed up to initial 35minutes of the continuous trading session (i.e., from 9.55 am to 10.30 a.m. during normal trading timings).

Closing Session: 3:30 p.m. to 3:40 p.m.:

In this session the Trading members will not be allowed to enter any orders. The closing price of scrip is computed during this session as per the computation‟s logic. At the end of the session, the computed closing price of all the scrip traded on BOLT system in the continuous trading session is displayed on the Touchline window of TWS and it is also displayed in the Marked view (scrip wise) Screen (on pressing of “Refresh” pushbutton in the Order Entry window).

INDUSTRY PROFILE

FINANCIAL MARKETS:

Financial markets are helpful to provide liquidity in the system and for smooth functioning of the system. These markets are the centers that provide facilities for buying and selling of financial claims and services. The financial markets match the demands of investment with the supply of capital from various sources.

According to functional basis financial markets are classified into two types.

They are:

- **Money markets (short-term)**
- **Capital markets (long-term)**

According to institutional basis again classified in to two types.

They are:

- **Organized financial market**
- **Non-organized financial market.**

The organized market comprises of official market represented by recognized institutions, bank and government (SEBI) registered/controlled activities and intermediaries. The unorganized market is composed of indigenous bankers, moneylenders, individual professional and non-professionals.

MONEY MARKET:

Money market is a place where we can raise short-term capital. Again, the money market is classified in to

- Interbank call money market
- Bill market

CAPITAL MARKET:

Capital market is a place where we can raise long-term capital.

Again, the capital market is classified in to 2 types and they are

- Primary market and
- Secondary market.

E.g.: Shares, Debentures, and Loans etc.

PRIMARY MARKET

Primary market is generally referred to the market of new issues or market for mobilization of resources by the companies and government undertakings, for new projects as also for expansion, modernization, addition, and diversification and up gradation. Primary market is also referred to as New Issue Market. Primary market operations include new issues of shares by new and existing companies, further and right issues to existing shareholders, public offers, and issue of debt instruments such as debentures, bonds, etc.

The primary market is regulated by the Securities and Exchange Board of India (SEBI a government regulated authority).

FUNCTIONS: -

The main services of the primary market are origination, underwriting, and distribution. Origination deals with the origin of the new issue. Underwriting contract make the shares predictable and remove the element of uncertainty in the subscription. Distribution refers to the sale of securities to the investors.

COMPANY PROFILE

Introduction

India bulls are India"s leading Financial, Real Estate and Power Company with a wide presence throughout India. They ensure convenience and reliability in all their products and services. India bulls have over 640 branches all over India. The customers of India bulls are more than 4,50,000 which covers from a wide range of financial services and products from securities, derivatives trading, depositary services, research & advisory services, consumer secured & unsecured credit, loan against shares and mortgage & housing finance. The company employs around 4000 Relationship managers who help the clients to satisfy their customized financial goals. India bulls entered the Real Estate business in the year 2005 with its group of companies. Large scale projects worth several hundred million dollars are evaluated by them.

India bulls Financial Services Ltd is listed on the National Stock Exchange (NSE), Bombay Stock Exchange (BSE) and Luxembourg Stock Exchange. The **market capitalization** of India bulls is around **USD 2500 million** (29thDecember, 2006). Consolidated **net worth** of the group is around **USD 700 million**. India bulls and its group companies have attracted USD 500 million of equity capital in Foreign Direct Investment (FDI) since March 2000. Some of the large shareholders of India bulls are the largest financial institutions of the world such as Fidelity Funds, Goldman Sachs, Merrill Lynch, Morgan Stanley and Carillon Capital.

Growth of India bulls

Year 2000-01:

One of India"s first trading platforms was set up by India bulls Financial Services Ltd. with the development of an in-house team.

Year 2001-03:

The service offered by India bulls was increased to include Equity, F&O, Wholesale Debt, Mutual fund, IPO Financing/Distribution and Equity Research.

Year 2003-04:

In this particular year India bulls ventured into Distribution and Commodities Trading business.

Year 2004-05:

- This was one of the most important years in the history of India bulls. In this year:
- India bulls came out with its initial public offer (IPO) in September 2004.
- India bulls started its Consumer Finance business.
- India bulls entered the Indian Real Estate market and became the first company to bring FDI in Indian Real Estate.
- India bulls won bids for landmark properties in Mumbai.

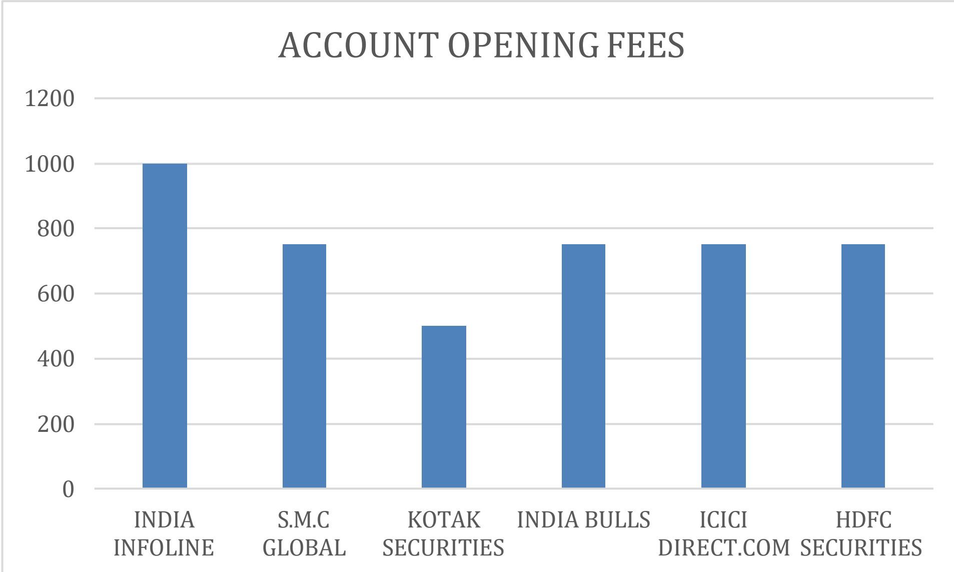
Year 2005-06:

In this year the company acquired over 115 acres of land in Sonipat for residential home site development. The world-renowned investment banks like Merrill Lynch and Goldman Sachs increased their shareholding in India bulls. It also became a market leader in securities brokerage industry, with around 31% share in Online Trading.

DATA ANALYSIS AND INTERPRETATION

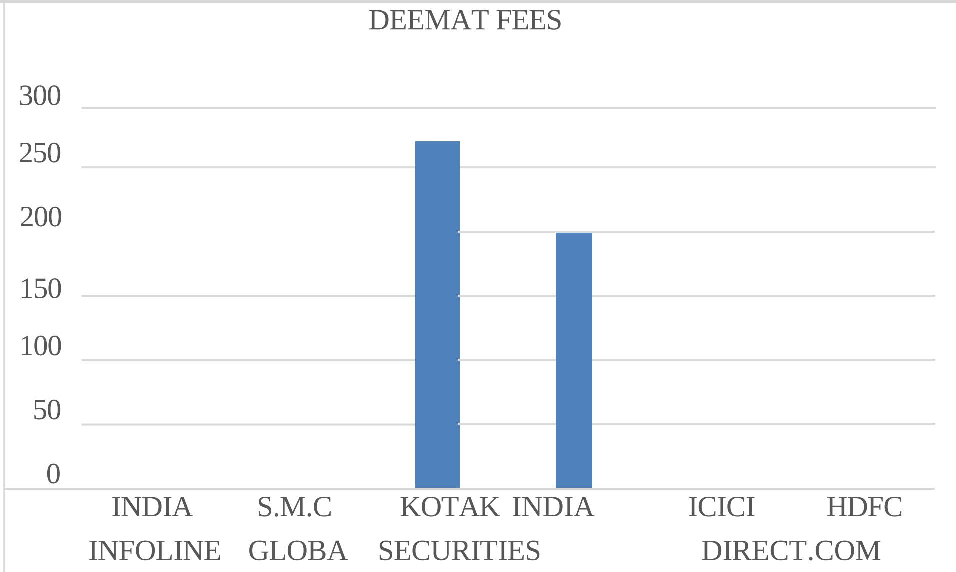
STATEMENT SHOWING COMPARISION OF ACCOUNT OPENING

COMPANY NAME	ACCOUNT OPENING FEES
INDIA INFOLINE	1000
S.M.C GLOBAL	750
KOTAK SECURITIES	500
INDIA BULLS	750
ICICI DIRECT.COM	750
HDFC SECURITIES	750



STATEMENT SHOWING COMPARISION OF DEEMAT FEES

COMPANY NAME	DEEMAT FEES
INDIA INFOLINE	0
S.M.C GLOBAL	0
KOTAK SECURITIES	270
INDIA BULLS	200
ICICI DIRECT.COM	0
HDFC SECURITIES	0



FINDINGS

- Information plays a vital role in the secondary market. There are more speculators than investors.
- Previously rolling settlement is T+5 days, now it changed to T+2 days and further it will be changing to T+1 day.
- The number of players is increasing at a steady rate and today there are over a dozen of brokerage houses who have opted to offer net trading to their customers and prominent among them are India bulls, Kotak Street, ICICI direct and geojit.
- With the computerization of the trading activity, the number of transaction and the volume of trading have increased to a great extent. INDIA BULLS is dealing in both BSE and NSE.

SUGGESTIONS

- Developing the adequate staff and infrastructure
- Expanding depository services in all branches in twin cities
- Branches required Trade Tiger software. Which makes depository services very speed and effectively.
- List of securities, which are compulsory to dematerialize, should be provided to customers
- DRF forms should be properly scrutinized at branch level so that they should not reject at head office.
- DP is doubtful while executing the same day instructions for pay in.
- Take possible steps to reduce the time taking for the following:
  - Demat account opening
  - Dematerialization
  - Change in address
  - Reaching the debit instructions slip book.

CONCLUSIONS

The services of the INDIA BULLS securities should be improved and reducing all the charges for the services provided by them which help us to consolidate and establish a position in the market.

Generally, the demat statements are being received by the clients every quarterly, take steps that how quickly you can send them the information.

Scripts suggestions (daily, weekly and monthly) must be given to the clients who trade in the different products of INDIA BULLS Securities.

There should be qualified (NSDL exam) customer care executive to solve the problems of clients.

Keeping in view the charges of other DPs, INDIA BULLS must reduce the charges of account opening and AMC (annual maintains charges), time taking for account opening, dematerlisation, rematerialisation, delivery instructions to clients demat statements to the clients etc.,

So, I can suggest that time taking process for all the services provided must be reduced up to great extent and also must decreased the charges of all the services other than which are imposed by NSDL.

Keeping in view all the services provided by INDIA BULLS as a DP are good, but should reduce the time taking process to provide the services and also reduce the charges of all the services.

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