



Impact of online trading on stock market

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Abstract: Day to day online trading in India is increasing which is affecting the Indian economy and with the help of that now Indian stock Market has the largest stock market in the world. The use of online trading has increased with the help of affordable high-speed computers and internet connections. The present exploratory and descriptive based study was selected with an objective to find out the relationship between online trading and growth of the stock Market and also analyze the awareness level of people regarding online trading. The Study has been collected from both primary and secondary sources of data. The study area is limited to Gujarat and the sample size is of 195 respondents. Based on our research we have conducted study via questionnaire and analyzed our data via chi square method. We draw the conclusion from this study that opportunities in this market come and go quickly. So, active traders must be knowledgeable about everything relating to the stock market. But, with the development of smartphone and internet-based platforms, stock trading is now a reality and a lay man can also indulge in the stock market activity.

Index Terms -Indian Stock Market, Internet, Online Stock Trading, online trading facility, investment in stock market.

1. INTRODUCTION

The Internet has caused a shift in the company. Both how businesses run and how consumers act have changed as a result of technology. The financial market is also like this. The growth of digital media has led to changes in trade procedure. The stock market used to be a disorderly place to trade. Yet with the advent of internet trading, it has become organised, efficient, and hassle-free.

The internet has contributed significantly to the growth of the financial market. It is getting simpler for laypeople to acquire and use securities. Anyone can trade on the internet and earn money from anywhere in the country. In the present environment, trading takes place both online and offline.

Online stock trading

Online trading is the act of buying and selling financial goods while placing orders online. Online trading is the practise of purchasing and selling financial products. The trader buys and sells using an online trading tool. Online trading is possible for bonds, equities (shares), futures, foreign currencies, and other financial assets.

Online means ‘on the Internet.’

2. LITREATURE REVIEW

Sarika Srivastava, (2011) examined the impact of Internet growth on online stock trading in the Indian context. She concludes that e-trading has saved time, energy and money as it helps to access the Market anytime from anywhere and threats are increasing and becoming more dangerous, but technology enables a secure e-commerce experience. It also defines that fast internet connection, if provided at low cost, can promote digital commerce governance.

Jafarpour, Delbar (2006) In this article the main objective of the study is to find out the impact of online trading on Customers’ Satisfaction in Tehran Stock Exchange. This research is substantially useful to those (brokers, Dealers.) who intend to expand the Iranian stock exchange. Also, The Results indicate how Iranian Traders’ rank service quality factors and if online trading system could enhance their satisfaction level or not? Online trading model define that which propose to replace with current system and roles of Each involved party were identified in proposed online system.

Lee-Partridge, JooEng, and Pei See Ho (2003)

The work on this paper is focusing on a Retail Investor’s Perspective on the Acceptance of Internet Stock Trading. This paper attempts to analyze the factors that affect the growth of Internet Stock Trading or measures and hypotheses are use in this paper is Structural

Equation Modeling with the Sample size of 291. In this paper Results show that attitude and social factors significantly influence Investors' intention towards adopting Internet stock trading.

Selvanathan, and V. Manohar (2013)

In this Paper They define that the Online trading involves investment activity which takes place over The Internet and it does not require physical inclusion of the broker. Even though they Define that the Online trading in India has slowed down somewhat at the present time but it will pick up speed in the Future. In this Paper they concluded that Once investors have Become more comfortable with the Current economic Conditions and foresee brighter economic conditions, The on-line trading especially In Commodities will Become more active.

Nidhi Walia and Ravinder Kumar (2007) Wrote in their analysis paper, that was printed in Indian Journal of marketing, that there is no denying the reality that internet trading offered investors Convenience of trading on with reduced value. However Indian investors haven't nevertheless Absolutely realized the importance of using technology for stock trading. The major findings of the Study are the Indian investors are more conservative, they do not change brokers for trading, whereas net dealers are more comfortable with online trading for its translucency and complete Control of the terminal.

Professor Aadil Bade (2017)

The Department of Commerstag "Analysis- Demat account and online trading" in this composition, Which Was published in the Scholarly Research Journal for Interdisciplinary studies, Professor Aadil Bade has analyzed About Demat at account and online trading. He said that in India, Online trading is still at its childhood stage.

Shivangi Jaiswal, Pankaj Joge, Nisha Saw (2018)

The objective of this paper Is to analyze the impact of internet growth on the stock market Trading. This paper analyzes that all transactions in stock trading Institutions must be computerized and should Be electronic, for the reason that these trading institutions are the key player in Indian capital market. They suggest that buying and selling must be done by Internet and all trading systems must be Computerized. It also defines that the paperless Trading environment has reduced manipulations to a Large Extent and financial markets have started rewarding companies.

3. OBJECTIVE OF THE STUDY

- To find out the relationship between online trading and growth of the stock Market.
- To know the awareness level of people regarding online trading.
- Knowing about the latest & future Development in the stock exchange trading System.

4. RESEARCH METHODOLOGY

4.1 RESEARCH DESIGN

➤ **Non-probability**

The persons who trade stocks will be chosen to represent the non-probability respondents. Those who don't trade stocks won't be contacted for interviews.

➤ **Exploratory and descriptive research**

Both exploratory and descriptive research were conducted for this project. To gather ideas is the goal of the exploratory inquiry. Finding out how frequently something happens is the goal of descriptive research studies.

4.2 SOURCES OF DATA

There are two sources of data

➤ **Primary data**

This method is including the data collected with the help of questionnaire.

➤ **Secondary data**

The secondary data will be taken by referring to various magazines, newspaper, internal sources and internet.

4.3 DATA COLLECTION METHOD

➤ **Questionnaire:**

Questionnaire is a set of questions that are directed towards a topic.

➤ **Interviews:**

It is a method of collecting data by directly asking questions from the respondents.

➤ **Documents Review:**

The data that will get will be secondary data and may be quantitative or qualitative in nature.

4.4 SAMPLINGS PLAN

- Population: People residing in India.
- Sampling: People residing in Gujarat.
- Sampling unit: 195 people of the Gujarat.
- Sampling Technique: Convenience sampling.

4.5 TOOLS USED FOR STUDY

- Chi square analysis
- Simple percentage analysis

4.6 RESEARCH HYPOTHESIS

- Hypothesis 1: There is no significant difference between the Gender of the respondents with respect to their investment in stock market.
- Hypothesis 2: There is no significant difference between the Age of the investors and their investment in Stock Market.
- Hypothesis 3: There is no significant difference between the Occupation of the investors and their investment in Stock Market.
- Hypothesis 4: There is no significant difference between the Gender of the investors and Online trading Facilities.
- Hypothesis 5: There is no significant difference between the Age of the investors and Online trading Facilities.
- Hypothesis 6: There is no significant difference between the Occupation of the investors and Online trading Facilities.

5. DATA ANALYSIS AND INTERPRETATION

Test of hypothesis

Chi-Square test

HYPOTHESIS 1

NULL HYPOTHESIS (H0) -There is no significant difference between the Gender of the respondents with respect to their investment in stock market.

ALTERNATIVE HYPOTHESIS (H1) -There is significant difference between the Gender Of the respondents with respect to their investment in stock market.

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)	Exact Sig. (2-sided)	Exact Sig. (1-sided)
Pearson Chi-Square	.012 ^a	1	.911		
Continuity Correction ^b	0.000	1	1.000		
Likelihood Ratio	.012	1	.911		
Fisher's Exact Test				1.000	.533
Linear-by-Linear Association	.012	1	.911		
N of Valid Cases	195				

Interpretation

Since the p-value is (0.911) is greater than the 0.05 Null hypothesis is accepted. Hence there is no significant between the gender of the respondent's respect to their investments in stock market.

HYPOTHESIS 2

NULL HYPOTHESIS (H0) - There is no significant difference between the Age of the investors and their investment in Stock Market.

ALTERNATIVE HYPOTHESIS (H1) -There is significant difference between the Age of the investors and their investment in Stock Market.

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	.189 ^a	2	.910
Likelihood Ratio	.187	2	.911
Linear-by-Linear Association	.155	1	.694
N of Valid Cases	195		

a. 1 cells (16.7%) have expected count less than 5. The minimum expected count is 4.29.

Interpretation

Since the p-value is (0.910) is greater than the 0.05 Null hypothesis is accepted. Hence there is no significant difference between the Age of the investors and their investment in Stock Market.

HYPOTHESIS 3

NULL HYPOTHESIS (H0) - There is no significant difference between the Occupation of the investors and their investment in Stock Market.

ALTERNATIVE HYPOTHESIS (H1) -There is significant difference between the Occupation of the investors and their investment in Stock Market.

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	10.455 ^a	4	.033
Likelihood Ratio	9.917	4	.042
Linear-by-Linear Association	3.367	1	.067
N of Valid Cases	195		

a. 4 cells (40.0%) have expected count less than 5. The minimum expected count is .16.

Interpretation

Since the p-value is (0.033) is less than the 0.05 Null hypothesis is rejected. Hence there is significant difference between the Occupation of the investors and their investment in Stock Market.

HYPOTHESIS 4

NULL HYPOTHESIS (H0) - There is no significant difference between the gender of the investors and online trading Facilities.

ALTERNATIVE HYPOTHESIS (H1) -There is significant difference between the gender of the investors and online trading Facilities.

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	1.788 ^a	3	.618
Likelihood Ratio	1.855	3	.603
Linear-by-Linear Association	.430	1	.512
N of Valid Cases	195		

a. 2 cells (25.0%) have expected count less than 5. The minimum expected count is 1.41.

Interpretation

Since the p-value is (0.618) is greater than the 0.05 Null hypothesis is accepted. Hence There is no significant difference between the Gender of the investors and Online trading Facilities.

HYPOTHESIS 5

NULL HYPOTHESIS (H0) -There is no significant difference between the Age of the investors and Online trading Facilities.

ALTERNATIVE HYPOTHESIS (H1) -There is significant difference between the Age of the investors and Online trading Facilities.

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	11.663 ^a	6	.070
Likelihood Ratio	13.152	6	.041
Linear-by-Linear Association	2.212	1	.137
N of Valid Cases	195		

a. 4 cells (33.3%) have expected count less than 5. The minimum expected count is .69.

Interpretation

Since the p-value is (0.07) is more than the 0.05 Null hypothesis is accepted. Hence There is no significant difference between the Age of the investors and Online trading Facilities.

HYPOTHESIS 6

NULL HYPOTHESIS (H0) -There is no significant difference between the Occupation of the investors and Online trading Facilities.

ALTERNATIVE HYPOTHESIS (H1) -There is significant difference between the Occupation of the investors and Online trading Facilities.

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	16.969 ^a	12	.151
Likelihood Ratio	18.704	12	.096
Linear-by-Linear Association	5.310	1	.021
N of Valid Cases	195		

a. 11 cells (55.0%) have expected count less than 5. The minimum expected count is .03.

Interpretation

Since the p-value is (0.151) is more than the 0.05 Null hypothesis is accepted. Hence There is significant no difference between Occupation of the investors and Online trading Facilities.

6. FINDINGS OF THE STUDY

- Internet trading enables the investor to understand the share's risk and returns.
- It is beneficial to every investor seeking both long-term and short-term investments.
- One investor may use different platforms for trading in share market.
- Awareness about usage of online trading is increasing day to day across in India.

7. CONCLUSION

- Due to the advantages for tax returns and other benefits, investors are now attracted to online trading. Numerous educational initiatives should be created in order to educate the client about online trading.
- This research was created to examine the effects of online stock trading, while using internet trading services in the stock market. The number of people trading on the internet is growing rapidly as educational levels rise. Everyone should support it because it is crucial to economic development.
- Because customers can verify details on their own and even conduct transactions on their own, it saves time and is very transparent. They are not required to rely on middlemen.
- Internet transactions must always be secure and include a reliable means for backup and recovery. The primary objective should be access that is equitable and open.
- Online trading gives a person the ability to trade from anywhere in the globe.

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