

## A STUDY ON ONLINE TRADING at Karvy Stock Broking Limited.

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### 1. ABSTRACT

**“Change is the law of nature”.** There were times when man was a wanderer or a normal. He himself had to go place to place in search of food, water and now everything is available at your doorstep just at the click of the mouse. The growth of information technology has affected almost all sectors of life. Internet has enabled us to get every information at our doorstep. When Internet has affected all sectors he could “stock markets” the most important player of the economy, has remained far behind? Like all other sectors Internet has set its feet in the stock markets also.

Online trading services manage a lot of transactions per day. Users can contact a client, via the Internet, and view or revise investments, query the latest stock information, and purchase or trade shares. The client software can ask for trade information from many sources. Therefore, the client must stay to the distributed computing model to gain data from external servers. Web services a technology that is used to realize these tasks. This project presents a simulation of the how trading companies can interface with web services, and tap into external sources to get information. A fictitious web-based trade system, Portfolio Manager, is introduced to exhibit how a client and server can communicate.

**Key Words :** Karvy, Stock Broking, Online, Internet.

### 2. INTRODUCTION

**Online trading** definition is a basic understanding of online trading processes. Since the invention of Internet people have been able to do practically everything virtually. Due to the Internet online trading has become one of the most popular ways to trade as far as stock trading turned out to be as available to independent investors as possible. Online trading gives both beginners who've just had a single day trading course and advanced traders an opportunity to trade stocks, options, forex and futures all over the world without physical presence of a broker and with much lower commissions, because everything is done online

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Internet trading commissions are clearly posted on the websites of the various services, and are typically a fixed rate charge, depending upon the type of security being traded and the size of trade. In theory, therefore, an Internet investor always knows what commission he is being charged on each trade. Internet investors can take as much time as they would like to take prior to placing a trade order.

Similarly the online investor likely does not have to worry that his broker is making unauthorized trades. Since there is no individual broker making a commission, the only person who is authorized to trade in the account is the actual investor. Furthermore, the internet investor can never become a victim of excessive trading (where for the broker) since the investor maintains total control over the number of transactions which take place in the account. All of these positive features of internet trading may lead the unwary investor to believe that Internet trading is a way to take control of their finances and save more money in the process.

### 3. OBJECTIVES OF THE STUDY:

- ✓ To analyze the changes in trading after the exchange shifted from outcry to online trading system.
- ✓ To study the functions of **Karvy Stock Broking Limited** through various departments.
- ✓ To know the online screen based trading system adopted by **Karvy Stock Broking Limited** and about its communication facilities. To know about the latest and future development in the stock exchange trading system.
- ✓ To give useful suggestions on online trading to the Karvy Stock Broking Limited.

### 4. ABOUT KARY STOCK BROKING LIMITED

KARVY, is a premier integrated financial services provider, and ranked among the top five in the country in all its business segments, services over 16 million individual investors in various capacities, and provides investor services to over 300 corporates, comprising the who of Corporate India. KARVY covers the entire spectrum of financial services such as Stock broking, Depository Participants, Distribution of financial products - mutual funds, bonds, fixed deposit, equities, Insurance Broking, Commodities Broking, Personal Finance Advisory Services, Merchant Banking & Corporate Finance, placement of equity, IPOs, among others. Karvy has a professional management team and ranks among the best in technology, operations and research of various industrial segments.

Today, Karvy service over 6.5 lakhs customer accounts spread across over 250 cities/towns in India and serves more than 85 million shareholders across 7500 corporate clients and makes its presence felt in over 15 countries across 5 continents. All of Karvy services are also backed by strong quality aspects, which have helped Karvy to be certified as an ISO 9002 company by DNV.

The paradigm shift from pure selling to knowledge based selling drives the business today. The monthly magazine, Finapolis, provides up-dated market information on market trends, investment options, opinions etc. Thus empowering the investor to base every financial move on rational thought and prudent analysis and embark on the path to wealth creation.

Karvy is recognized as a leading merchant banker in the country, Karvy is registered with SEBI as a Category I merchant banker. This reputation was built by capitalizing on opportunities in corporate consolidations, mergers and acquisitions and corporate restructuring.

## **5. ONLINE TRADING IS EXPECTED TO**

- ✓ Increase transparency in the markets,
- ✓ Enhance market quality through improved liquidity, by increasing quote continuity and market depth,
- ✓ Reduce settlement risks due to open trades, by elimination of mismatches,
- ✓ Provide management information system,
- ✓ Introduce flexibility in system, so as to handle growing volumes easily and to support nationwide expansion of market activity.

Besides, through Online trading three fundamental objectives of securities regulation can be easily achieved, these are:

- ✓ Investor protection
- ✓ Creation of a fair and efficient market, and
- ✓ Reduction of the systematic risks.

Some of the brokers offering net trading include ICICI direct, kotakstreet, etc.

## **6. Procedure for net trading**

**Step 1:** Those investors, who are interested in doing the trading over internet system i.e. NEAT-IXS, should approach the brokers and get them self registered with the Stock Broker.

**Step 2:** After registration, the broker will provide to them a Login name, Password and personal identification number (PIN).

**Step 3:** Actual placement of an order. An order can then be placed by using the place order window as under:

- (a) First by entering the symbol and series of stock and other parameters like quantity

and price of the scrip on the place order window.

(b) Second, fill in the symbol, series and the default quantity.

(c)

**Step 4:** It is the process of review. Thus, the investor has to review the order placed by clicking the review option. He may also re-set to clear the values.

**Step 5:** After the review has been satisfactory, the order has to be sent by clicking on the send option.

**Step 6:** The investor will receive an "Order Confirmation" message along with the order number and the value of the order.

**Step 7:** In case the order is rejected by the Broker or the Stock Exchange for certain reasons such as invalid price limit, an appropriate message will appear at the bottom of the screen. At present, a time lag of about 10 seconds is there in executing the trade.

**Step 8:** It is regarding charging payment, for which there are different mode. Some brokers will take some advance payment from the investor and will fix their trading limits. When the trade is executed, the broker will ask the investor for transfer of funds to his account.

## 7. DATA ANALYSIS AND INTERPRETATION

**Company :** SYNDICATE BANK 532276

**Period:** 02-Dec-2016 to 23-Jan-2017

Date	Open	High	Low	Close	WAP	No. of Shares	No. of Trades	Total Turnover
22-Jan-17	129.9	130.45	126.8	127.25	127.8857	191670	2161	24511845
21-Jan-17	130	132	128.3	129.25	130.031	247676	3691	32205565
20-Jan-17	128.75	131.5	128.5	129.2	129.6991	148037	2360	19200259
19-Jan-17	129.65	130.25	127.65	128.15	128.8639	192814	2801	24846766
16-Jan-17	131.5	132	128	128.35	129.782	277430	3707	36005413
15-Jan-17	132	132.9	129.85	131.15	131.5046	327733	5460	43098395
14-Jan-17	128.65	129.9	125.5	126.5	127.1132	196171	4205	24935915
13-Jan-17	132	132.3	127.55	128.65	129.3174	259987	3045	33620852
12-Jan-17	127.85	132	126.15	131.1	130.2234	261177	4093	34011363
9-Jan-17	129	129.45	125.05	127.4	127.0529	199232	3423	25313011

8-Jan-17	126.05	128.3	125.55	127.9	126.9213	143955	2374	18270949
7-Jan-17	125.1	126.8	121.7	124.05	124.1948	275528	4948	34219142
6-Jan-17	129	130	124.25	125.2	127.2976	289084	4106	36799689
5-Jan-17	134.15	134.7	131.3	132.25	132.8504	189341	3431	25154027
2-Jan-17	133.75	136.4	133	133.45	134.5909	229670	4303	30911481
1-Jan-17	131.7	135.6	131	133.6	134.0957	286104	4957	38365310
31-Dec-16	132.5	132.9	130.75	131.6	131.9357	180371	2843	23797367
30-Dec-16	127.8	132.3	125.65	131.6	130.0089	316081	5012	41093356
29-Dec-16	130	130.45	126	127.3	128.879	222830	3837	28718114
26-Dec-16	122.15	128.95	122.15	128.45	126.1559	350981	4585	44278315
24-Dec-16	121	123.75	121	122.7	122.6527	174618	2668	21417367
23-Dec-16	124.5	125.3	121.2	122.2	123.3339	223571	3515	27573889
22-Dec-16	122.1	124.2	121	123.8	122.7141	156365	2970	19188186
19-Dec-16	123.3	125	121.7	121.9	122.8081	341712	5781	41964990
18-Dec-16	120.1	124	120.1	122.55	122.3572	373768	7927	45733224
17-Dec-16	116.3	121.15	111.55	119.15	116.9748	497660	10627	58213670
16-Dec-16	125	126.7	116.35	117.2	120.1912	424319	7076	50999399
15-Dec-16	129	130.55	125.6	125.9	127.7089	238263	4602	30428301
12-Dec-16	132	133.3	128	128.55	130.369	265389	4401	34598508
11-Dec-16	135.2	135.2	128.7	131.5	131.3967	367720	6082	48317187
10-Dec-16	126.9	134.45	126	132.9	130.8972	336228	5715	44011298
9-Dec-16	135.8	136	127.4	128.2	131.1117	278899	4221	36566919
8-Dec-16	136	138.8	133.5	134.05	135.9146	262039	4129	35614918
5-Dec-16	140	141.15	135.05	137.6	139.2111	424417	6265	59083546
4-Dec-16	136	141.1	132.45	138.45	137.0118	404809	5673	55463612

**Company : TATA COMMUNICATIONS LTD. 500483**

**Period: 02-Dec-2016 to 22-Jan-2017**

Date	Open	High	Low	Close	WAP	No. of Shares	No. of Trades	Total Turnover
22-Jan-17	424	427	414.3	418.05	421.0761	13820	1237	5819272
21-Jan-17	425.1	429	421.2	423.85	425.2002	15108	819	6423925
20-Jan-17	427.9	429.8	423.1	423.85	426.6652	23516	1219	10033458
19-Jan-17	428	438.65	423.6	425.05	430.7814	53628	2575	23101947
16-Jan-17	433.35	436.2	424.8	426.85	428.8303	41509	1872	17800315
15-Jan-17	435	436.95	422	432.25	431.2961	110909	2541	47834617
14-Jan-17	423.5	434.95	418.5	423.4	427.6632	37710	2741	16127178
13-Jan-17	420	428.35	420	425.6	425.5786	26526	1023	11288897
12-Jan-17	425	428	419.15	420.6	424.0744	17440	1140	7395857
9-Jan-17	420	430.95	420	424.75	424.699	17556	974	7456015

8-Jan-17	428.55	429.45	421	424.2	425.0951	17093	1117	7266151
7-Jan-17	417	426.2	413	423.55	421.5754	32272	1660	13605082
6-Jan-17	433	433.9	414.5	416.8	421.2322	39299	2352	16554003
5-Jan-17	438.25	444.85	435.65	438.15	440.4209	18853	1273	8303255
2-Jan-17	443.6	445.1	433.6	435.3	440.7269	121075	1597	53361011
1-Jan-17	441.7	444.95	439.5	441.65	441.7799	25029	1537	11057309
31-Dec-16	432	441.9	430.2	439.4	437.1528	24373	1104	10654725
30-Dec-16	430	434.4	428	430.4	430.6442	21689	1371	9340243
29-Dec-16	433.85	438.4	428.6	430.1	432.9419	24648	1218	10671153
26-Dec-16	436.9	441.05	430.5	431.6	434.0689	27928	1127	12122676
24-Dec-16	446.6	448.6	436.05	439.2	442.9896	52456	1998	23237465
23-Dec-16	442.9	445.6	435.8	442	440.9493	35432	2634	15623714
22-Dec-16	424.3	443.45	424.3	439.95	438.4251	44228	2417	19390666
19-Dec-16	438	439.7	423.2	425.05	430.3039	28311	1304	12182333
18-Dec-16	414	435.5	414	432.8	428.0855	38203	2187	16354152
17-Dec-16	416	422.25	394	413.5	410.5915	41430	3524	17010807
16-Dec-16	432.55	444	412.8	416.75	426.7279	27569	2411	11764461
15-Dec-16	429.1	439	425.7	434	433.8134	45156	1679	19589278
12-Dec-16	434	442.9	429.45	431.55	437.7386	36503	1555	15978771
11-Dec-16	433.5	437	426.2	430.25	431.9415	28865	1348	12467991
10-Dec-16	430	436.5	428.25	432.85	433.3986	36249	1370	15710266
9-Dec-16	447	454.7	428.1	430	441.6814	26360	1257	11642721
8-Dec-16	459.2	461.35	445.25	447.45	454.2274	44566	1874	20243098
5-Dec-16	456.05	465.9	453.3	462.85	462.3618	57619	1708	26640826
4-Dec-16	469.05	470.5	453.05	455.6	458.7689	41527	1827	19051295

**Company : ITC LTD. 500875**

**Period: 02-Dec-2016 to 23-Jan-2017**

Date	Open	High	Low	Close	WAP	No. of Shares	No. of Trades	Total Turnover
22-Jan-17	353	359.6	348.9	350.35	356.8064	2440877	17006	870920536
21-Jan-17	372.7	373.6	349.2	352.6	357.97	1781770	37883	637820149
20-Jan-17	358.4	372	358.4	371.2	366.9447	553506	11126	203106085
19-Jan-17	360.5	361.8	356.05	358.4	359.0509	220147	5480	79043987
16-Jan-17	358.15	360.15	354.75	359.3	358.0374	205070	4860	73422731
15-Jan-17	354	359.9	350.95	358	355.8332	390820	8653	139066718
14-Jan-17	359	359	346.1	348.4	349.533	745803	17160	260682742
13-Jan-17	358	361.4	357	360.25	359.9008	210490	5335	75755509
12-Jan-17	358.45	361.5	356.25	357.95	358.2032	244177	8511	87464985
9-Jan-17	363.85	365.8	353.15	356.7	357.2258	424725	10050	151722728

8-Jan-17	356	363.3	355.25	362.45	359.0688	287774	8645	103330656
7-Jan-17	360.6	364	352.95	353.55	356.0336	416574	9035	148314333
6-Jan-17	369.75	370	359.15	360.6	363.914	708040	9536	257665680
5-Jan-17	369	372	368	369.8	369.801	292017	7042	107988179
2-Jan-17	368	370.2	367.5	368.25	368.5461	188501	4376	69471301
1-Jan-17	368	369	366.1	367.05	367.1251	127759	2702	46903531
31-Dec-16	369	370.4	367.75	368.4	368.6447	149613	3549	55154037
30-Dec-16	372.4	372.4	367.5	368.7	369.6077	96597	2959	35702995
29-Dec-16	367.8	371.4	367.5	369.9	369.7146	160505	4292	59341037
26-Dec-16	370	372.35	366.3	367.7	368.0993	161941	4183	59610365
24-Dec-16	376.85	378.4	368.85	371.95	375.1559	406323	10463	152434477
23-Dec-16	375	377.3	372.9	374.85	374.2399	733080	4697	274347806
22-Dec-16	370	378.35	369	374.5	374.022	370127	7058	138435640
19-Dec-16	375.9	375.9	367.6	369.5	371.0602	393890	10470	146156915
18-Dec-16	379	379	365.15	374.65	373.0022	262552	9163	97932467
17-Dec-16	380.5	384.45	366.5	371.65	372.7171	633664	13165	236177427
16-Dec-16	389	390	378	380.5	383.2398	444435	8693	170325192
15-Dec-16	393	399.5	391.25	392.85	394.4189	236994	8221	93474904
12-Dec-16	396	400	393	395.65	397.042	241803	5450	96005946
11-Dec-16	394.9	399	390.6	396.7	394.8829	327029	6954	129138150
10-Dec-16	394.55	396.35	386.35	394.9	390.8961	248269	5748	97047396
9-Dec-16	398	399.85	392	394.25	394.8054	438765	8479	173226784
8-Dec-16	394.2	399.5	392.1	397.85	396.4721	536076	11721	212539151
5-Dec-16	383.95	392.1	382.4	391.45	388.559	650013	11027	252568371
4-Dec-16	373	383.6	373	382.75	380.5635	1331357	19654	506665902

**Company :** [Heritage Foods Limited](#) **519552**

**Period:** 02-Dec-2016 to 23-Jan-2017

Date	Open	High	Low	Close	WAP	No. of Shares	No. of Trades	Total Turnover
22-Jan-17	398.1	407.6	394.95	396.4	399.658	7866	882	3143710
21-Jan-17	398.7	402.65	390	394.85	394.9988	9898	1113	3909698
20-Jan-17	403.2	405.7	396.55	400.75	400.7749	4567	433	1830339
19-Jan-17	399	410.75	390	401.7	405.3161	8324	1033	3373851
16-Jan-17	395	402	390.15	398.65	396.7984	4693	444	1862175
15-Jan-17	399.9	403	391.2	394.05	396.3239	9620	772	3812636
14-Jan-17	393	396.85	386.1	390.95	391.9377	4286	384	1679845
13-Jan-17	398	401	390.5	391.15	396.559	7742	666	3070160
12-Jan-17	389	399.4	389	394.8	396.1577	14590	1145	5779941
9-Jan-17	389.65	391	380.25	385.65	385.4796	6928	574	2670603

8-Jan-17	388.75	394.2	383.7	388.5	388.0841	16494	1148	6401059
7-Jan-17	377.3	389.95	369.3	382.45	378.9626	13516	1213	5122058
6-Jan-17	389	389	375.05	376.85	380.7945	14504	1427	5523043
5-Jan-17	386.15	401.25	380.95	392.4	393.9385	26258	2361	10344036
2-Jan-17	380	389.7	380	382.5	385.7167	10833	1017	4178469
1-Jan-17	376	380	376	377.65	378.2054	3973	359	1502610
31-Dec-16	374.35	379.75	370	375.6	375.1631	9402	753	3527283
30-Dec-16	374.6	380.3	370	372.35	374.4985	6594	623	2469443
29-Dec-16	381.7	383.8	373.5	374.8	378.0257	6310	750	2385342
26-Dec-16	380	389.1	375.35	377.95	381.9854	8861	937	3384773
24-Dec-16	391.85	392.8	377	382.3	386.2734	5845	537	2257768
23-Dec-16	394.6	398	380.6	385.95	390.8327	10813	679	4226074
22-Dec-16	389.6	394	389.6	390.65	391.5617	5441	358	2130487
19-Dec-16	390.2	401.75	384	387.25	394.6524	16087	1454	6348773
18-Dec-16	375	395	375	384.5	387.2399	28282	2404	10951919
17-Dec-16	373.55	382.95	358.1	371.3	370.5324	19091	1278	7073835
16-Dec-16	384	384	367.85	373	373.2572	10605	1278	3958393
15-Dec-16	382	387.2	380.05	384.15	383.4866	12282	760	4709983
12-Dec-16	400	402.9	381.2	383.35	393.0715	11638	864	4574566
11-Dec-16	393.8	408	381	397.75	395.9343	30038	2195	11893074
10-Dec-16	401.95	403.9	393.35	397.7	398.5467	9344	676	3724020
9-Dec-16	411.3	416.25	396	398.95	403.2618	15742	1070	6348148
8-Dec-16	420	424.3	406	409.3	414.5445	13817	983	5727762
5-Dec-16	419.95	426.7	415.3	417.1	420.5375	10880	991	4575448
4-Dec-16	422.9	428.15	415	417.05	419.1045	17114	1339	7172554

## 8. FINDINGS

- ✓ As highlighted in the description, predation behaviors are providing the next battleground for online share trading business. At the same time, they are providing opportunities for newer players to dream big and challenge the status quo.
- ✓ Investing in share also considered as saving by many of the respondents.
- ✓ The respondent with the experience of e-banking is 77 per cent. Half of respondents utilize e-payment facilities in internet. Online share trading respondents preferred using the internet to trade over conventional means of trading.
- ✓ This is good news for stock broking firms intending to offer internet stock trading. The respondents rated the investment in equity/share in stock market, Commodity, Real Estate as high returns and medium risk.
- ✓ Most of the share brokers are doing share trading business for generating more income and amusement knowledge. It is necessary to note that gambling and entertainment also



are the purpose of share trading for the respondents.

- ✓ The depository systems has reduced the lag in delivery and settlement of securities but also supported the cause of providing more liquidity to the security holder.
- ✓ The need for setting up of a depository paper less trading. Through online trading system and settlement became inevitable and unavoidable for the smooth and the efficient functioning of the capital market.

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