

**ANALYSIS DEMAT ACCOUNT AND ONLINE TRADING****Prof. Aadil Bade***Dept of Commerce, D. G. Tatkare Mahavidyalay Mangaon Raigad.***Abstract**

*The Indian Stock markets have seen a major change with the introduction of depository system and scrip less trading mechanism. There were various problems like inordinate delays in the transfer of share certificates, delay in receipt of securities and inadequate infrastructure in banking and postal segments to handle a large volume of application and storage of share certificates .To overcome these problems physical dealing in securities should be eliminated . The Indian stock market introduced the system of dematerialization recognizing the need for scrip less trading.*



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**Introduction****DEMATERIALIZATION:**

Dematerialization is the process of converting the physical form of shares into electronic form. 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 problems as well as reduces the transaction time as compared to the physical segment. The article discusses the procedures, advantages and problems of dematerialization. The Indian Stock markets have seen a major change with the introduction of depository system and scrip less trading mechanism. There were various problems like inordinate delays in the transfer of share certificates, delay in receipt of securities and inadequate infrastructure in banking and postal segments to handle a large volume of application and storage of share certificates .To overcome these problems physical dealing in securities should be eliminated . The Indian stock market introduced the system of dematerialization recognizing the need for scrip less trading. According to the Depositories Act, 1996, an investor has the option to hold shares either in Physical or electronic form .The process of converting the physical form of shares into electronic form is called dematerialization or in short demats. The converted electronic data is stored with the depository from where they can be traded. It is similar to a bank where an investor opens an account with any of the depository participants. Depository

participant is a representative of the depository .The DP maintains the investors securities account balances and intimates him about the status of holdings.

### **OBJECTIVES OF THIS STUDY**

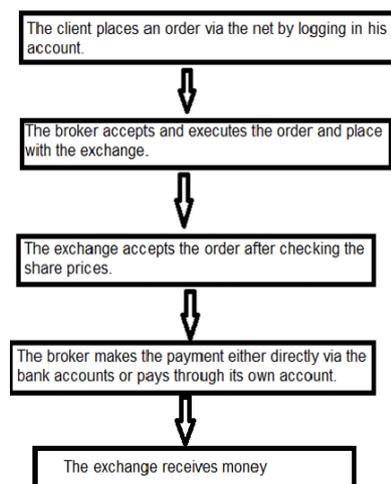
- To Study & understand the concept of Online trading.
- To know the customer opinion about the investment.
- To know the reasons for the introduction of online trading and their Benefits.
- To analyse the investment option preferred by the clients.

To identify the strengths and weaknesses of Bonanza and suggest areas where it could focus more and improve upon

### **RESEARCH METHODOLOGY**

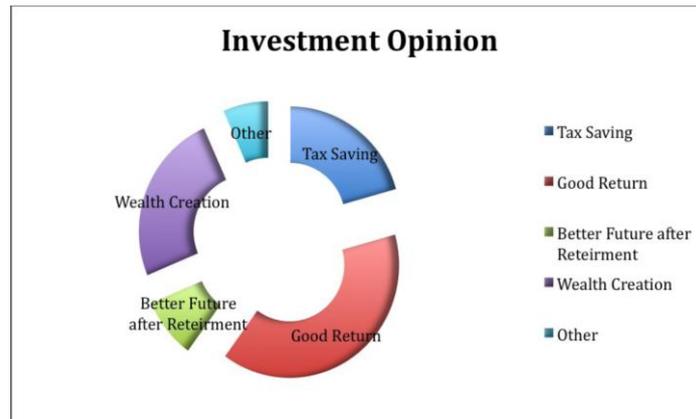
**Secondary Data:** It refers to a market where securities are traded after being Initially offered to the public in the primary market and/or listed on the Stock Exchange.Majority of the trading is done in the secondary market. To explain further, it is trading in previously issued financial instruments. An organized market for used securities. Bombay Stock Exchange (BSE), National Stock Exchange NSE, bond markets, over-the-counter markets, residential Mortgage loans, governmental guaranteed loans etc. Secondary market comprises of equity markets and the debt markets. For the general Investor, the secondary market provides an efficient platform for trading of his Securities. For the management of the company, Secondary equity markets serve as a monitoring and control conduit—by facilitating value-enhancing control activities, enabling implementation of incentive-based management contracts, and aggregating information (via price discovery) that guides management decisions.

### **PROCEDURE FOR ON-LINE TRADING**



## **STOCK MARKETS IN INDIA:**

A stock market is a marketplace where organized exchange (buying and Selling) of stocks or equities takes place. Indian stock markets are one of the most dynamic and efficient stock markets in Asia. The two national exchanges operating in India: The National Stock Exchange (NSE) and the Bombay Stock Exchange (BSE). These exchanges are well equipped with electronic trading Platforms and handle large volume of transactions on a daily basis. Trading in securities permitted to be traded would be in the normal trading



## **FUNCTIONS OF STOCK EXCHANGE**

**Maintain Active Trading:** Shares are traded on the stock exchanges, enabling the investors to buy and sell securities. The prices may vary from transaction to transaction. A continuous trading increases the liquidity or marketability of the shares traded on the stock exchanges.

**Fixation of Prices:** Price is determined by the transactions that flow from investors demand and the supplier's preferences. Usually the traded prices are made known to the public. This helps the investors to make the better decision.

**Ensures safe and fair dealings:** The rules, regulations and bylaws of the Stock Exchanges provide a measure of safety to the investors. Transactions are conducted under competitive conditions enabling the investors to get a fair deal.

## **NATIONAL STOCK EXCHANGE**

**The main objectives of NSE are as follows:**

- 1). To establish a nationwide trading facility for equities, debt and hybrid instruments
- 2). To ensure equal access investors all over the country through appropriate communication network.
- 3). To provide a fair, efficient and transparent securities market to investors using an electronic communication network.
- 4). To enable shorter settlement cycle and book entry settlement system.

**Advantages of dematerialization:**

- There is no risk due to loss on account of fire, theft or mutilation.
- There is no chance of bad delivery at the time of selling shares as there is no signature mismatch.
- Transaction costs are usually lower than that in the physical segment.
- The bonus /rights shares allotted to the investor will be immediately credited into his account.
- Share transactions like sale or purchase and transfer/transmission etc. can be effected in a much simpler and faster way.
- A safe and convenient way to hold securities
- Immediate transfer of securities;
- No stamp duty on transfer of securities;
- Elimination of risks associated with physical certificates such as bad delivery, fake securities.
- Reduction in paperwork involved in transfer of securities;
- Reduction in transaction cost;
- Transmission of securities is done by DP eliminating correspondence with companies;

**CONCLUSION**

Online trading is the new concept in the stock market. In India, online trading is still at its infancy stage. Online trading has made it easy to trade in the stock market as now people can trade while sitting at their home. Now stock market is easily accessible by the people. There are some problems while doing the trade through the internet. Major problem faced by online trader is that the investors are loyal to their traditional brokers, they rely upon the suggestions given by their brokers. Another major problem is that the people don't have full knowledge regarding online trading. They find it difficult to trade themselves, as a wrong entry made by them, can bring them huge losses.

**Refrence**

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- [www.mbaskool.com](http://www.mbaskool.com)*
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- The intelligents investors (Author : Benjamin graham)*
- Stock market investing(Author:Jason Kelly)*