

Impact of ICT on Internet trading with special reference to Equity Investment in NIFTY50

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UGC NET QUALIFIED IN COMMERCE FOR ASSISTANT PROFESSOR

Abstract

Stock investment is about buying and selling of shares of listed companies where investors try to focus on movement in share prices to make profit. The term ICT refers to technologies that provide access to information through telecommunications, this includes the Internet, wireless networks, cell phones, and other communication mediums. The impact of ICT on Stock trading is seen through growth in online trading platforms in India. Online trading is done through portals which facilitate the trading of various financial instruments such as equities, mutual funds, and commodities.

This paper examines the impact of ICT on stock investment as Capital markets have seen rapid changes in share prices as a result investors are able to associate the amount of uncertainty or risk related to the stock investment due to change in a share price tracked on daily, monthly, quarterly and yearly basis. As a result the number of shares traded increased with the help of technology provided by online platforms. The data in the present study is obtained from NSE stock exchanges database with analysis done on impact of ICT on The NIFTY 50, which is the flagship index on the National Stock Exchange of India Ltd. (NSE) for the period of five years that is from 2014 to 2019.

Keywords: Internet trading, Equity Investment, ICT, NIFTY50

I. INTRODUCTION

Stocks mean equity investment as investors are treated as owners in a company which entitles them to part of that company's earnings and assets. Along with voting rights and dividend payments. The term ICT refers to technologies that provide access to information through telecommunications, this includes the Internet, wireless networks, cell phones, and other communication mediums. The impact of ICT on Stock trading is seen through growth in online trading platforms in India. Online trading is done through portals which facilitate the trading of various financial instruments such as equities, mutual funds, and commodities.

II.NIFTY 50

The NIFTY 50 is the flagship index on the National Stock Exchange of India Ltd. (NSE). The Index tracks the behavior of a portfolio of blue chip companies, the largest and most liquid Indian securities. It includes 50 of the approximately 1600 companies listed on the NSE, captures approximately 65% of its float-adjusted market capitalization and is a true reflection of the Indian stock market.

The NIFTY 50 covers major sectors of the Indian economy and offers investment managers exposure to the Indian market in one efficient portfolio. The Index has been trading since April 1996 and is well suited for benchmarking, index funds and index-based derivatives.

The NIFTY 50 is owned and managed by India Index Services and Products Ltd. (IISL). IISL is India's first specialized company focused on an index as a core product.

Method of Computation:

NIFTY 50 is computed using free float market capitalization weighted method, wherein the level of the index reflects the total market value of all the stocks in the index relative to a particular base period. The method also takes into account constituent changes in the index and importantly corporate actions such as stock splits, rights, etc without affecting the index value.

Base Date and Value

The base period selected for NIFTY 50 index is the close of prices on November 3, 1995, which marks the completion of one year of operations of NSE's Capital Market Segment. The base value of the index has been set at 1000 and a base capital of Rs.2.06 trillion Source : NSE

III. REVIEW OF LITERATURE

Dawodu Bamidele Friday (M.Sc), Osondu Mary C (M.SI): In their paper, The Impact of Information Technology on Global Capital Market Operations A Critical Appraisal of Some Selected Developed and Emerging Markets, their study evaluates the impact of information technology on global capital markets operation with particular reference to the equity markets using a simple percentage and multiple regression analyses. Using equity markets development as a dependent variable, the results disclose that ICT development indicators were all correct and positively signed. Information Technology have contributed to the growth of the global equity markets, with the effects mostly reflected in the aggregates of the equity markets indicators.

Amalendu Bhunia (2011): the paper made a study on the Impact of ICT on the growth of Indian Stock exchange using Gompertz technology diffusion model and has also designed various model such as market capitalization model stock market value traded model, stock market volume traded model, turnover model etc.

in the course of study the paper revealed that few selected variables significantly affected by ICT especially in respect of increase in the number of stockbrokers, investors and access to ICT.

Mohammad Ali Ashraf and Hasanur Raihan Joarder (April 2009): the paper made a study on the effect of Information Technology on Stock Market Trade Volyme and Volatility for Dhaka Stoch Exchange” the sudty concentrated on the effect of the internet on the stock market trade volume and volatility and the results proved that the internet had a significant impact on two parameters of volume and volatiltiy of Dhaka stock market.

Need of the study:

- Due to technology revolution there is an impact on Indian stock market. Gone are the days where people depended on stock brokers, now with the vast increase in internet people prefer to trading on-line. Hence a need is felt to study the impact of ICT on internet trading.

Objective:

- This paper aims to study the impact of Internet on NIFTY 50 levels

Methodology:

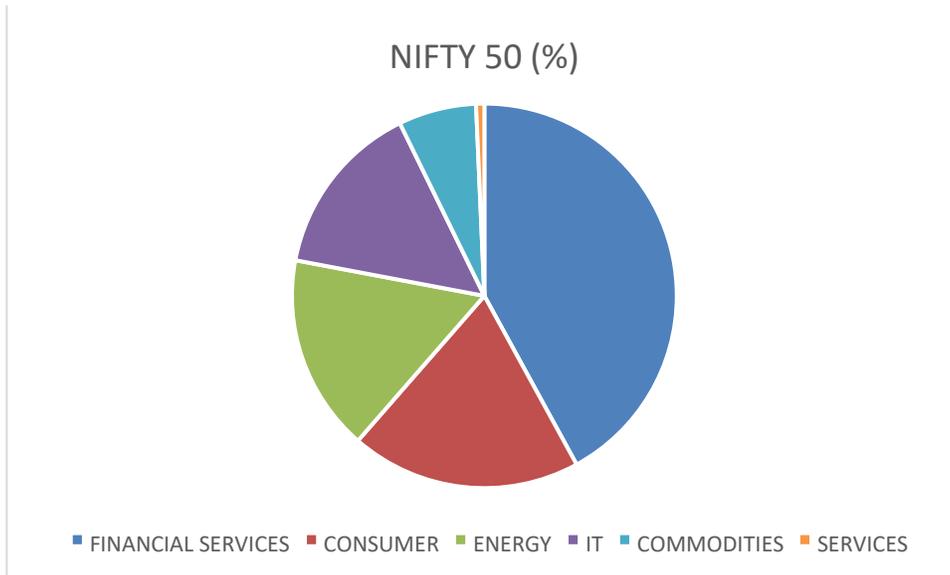
Secondary data from published reports by National stockexchange(NSE),and from previously published research reports on the similar topics have been referred.

DATA ANALYSIS

Table 1.1 SECTORS OF NIFTY50

Sector Exposure	NIFTY 50 (%)
FINANCIAL SERVICES	38.85
CONSUMER	17.91
ENERGY	15.3
IT	13.67
COMMODITIES	6.05
SERVICES	0.64

Source: NSE



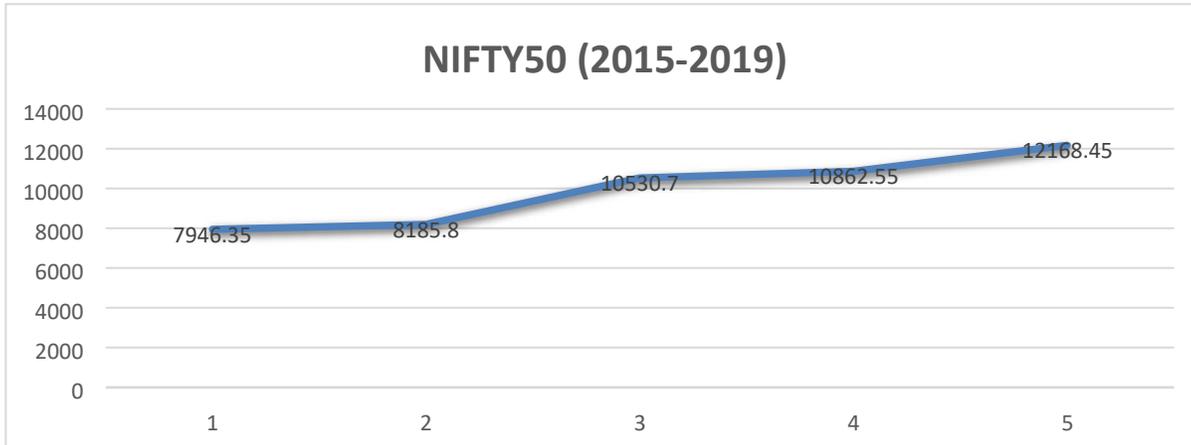
Interpretation:

NIFTY50 index has different sectors like financial services with a weightage of 38.85 percent, consumer with of 17.91percent,energy with of 15.3percent,IT with a of 13.67 percent, commodities with a of 6.05 percent, manufacturing with a of 3.66 percent, healthcare with a of 2.42 percent, telecommunications with a of 1.51 percent and services with 0.64 percent.

Table 1.2:Closing points of NIFTY 50 from year 2015 TO 2019

Year	Close
2015	7946.35
2016	8185.8
2017	10530.7
2018	10862.55
2019	12168.45

Source: NSE



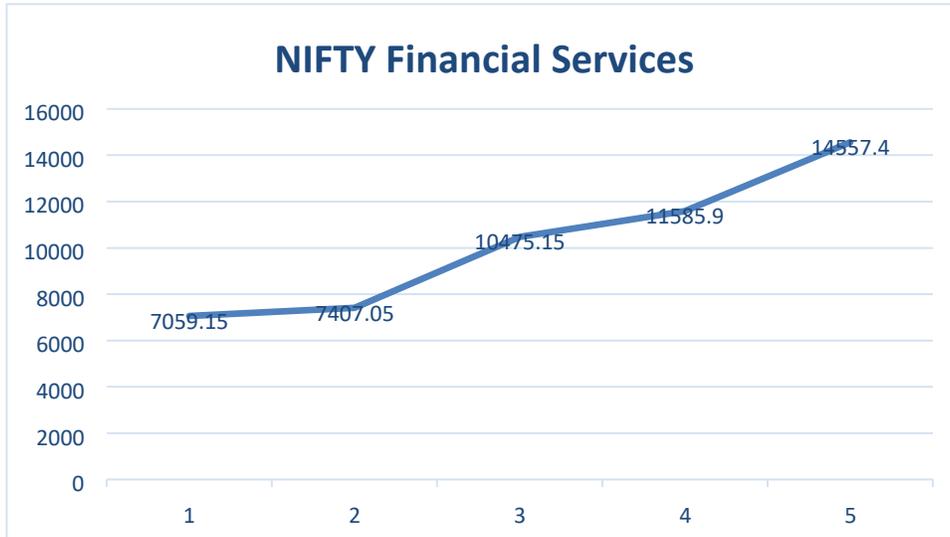
Interpretation:

During the year 2015 the NIFTY50 closed at 7946.35points, by 2016 it reached 8185.8 points with an increase of 3.01 percent. In 2017 it rose to 10530 with an increase of 28.63 percent and in 2018 the points increased by 331.85 at 10862.55 points showing a percentage increase of 3.15 percent by 2019 there was a drastic increase by 1305.9 at 12168.45 showing a percentage increase of 12.02 percent. From 2015 to 2019 the NIFTY50 increased by 4222.1 points which is 53.13 percentage increase this shows that investing in NIFTY50 is a great benefit to the investors since in a period of five years it has increased more than fifty percent.

Table 1.3: Closing points of NIFTY Financial Services from year 2015 to 2019

Year	Close
2015	7059.15
2016	7407.05
2017	10475.15
2018	11585.9
2019	14557.4

Source: NSE

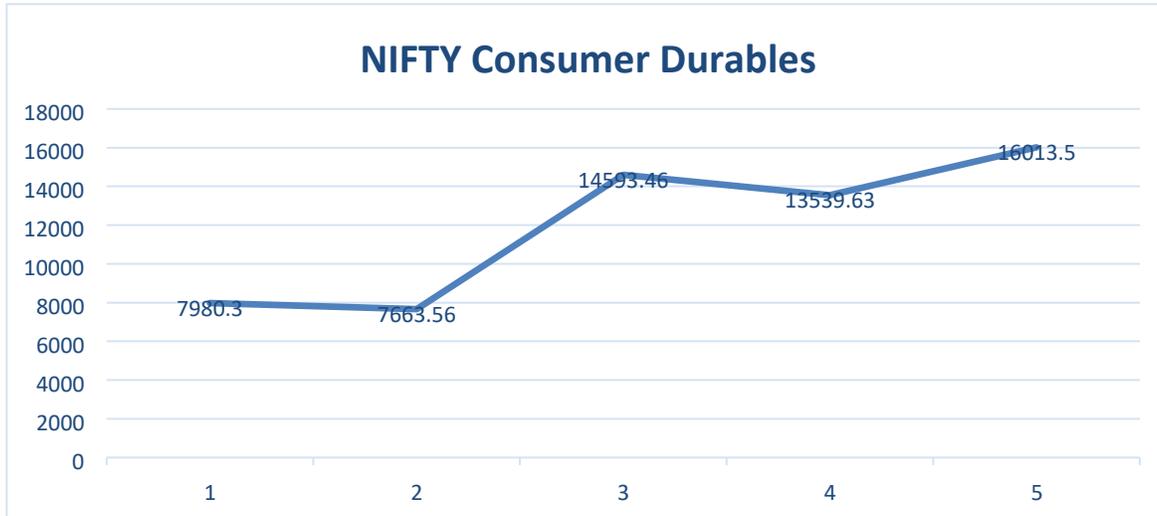


Interpretation:

During the year 2015 the NIFTY Financial Services closed at 7059.15 points, by 2016 it reached 7407.05 points with an increase of 4.92 percent. In 2017 it rose to 10475.15 with an increase of 41.42 percent and in 2018 the points increased by 1110.15 at 11585.9 points showing a percentage increase of 10.59 percent by 2019 there was a drastic increase by 2971.5 at 14557.4 showing a percentage increase of 25.64 percent. From 2015 to 2019 the NIFTY Financial Services increased by 7498.25 points which is 106.22 percentage increase this shows that investing in NIFTY Financial Services a great benefit to the investors since in a period of five years it has increased more than hundred percent.

Table 1.4: Closing points of NIFTY Consumer Durables from year 2015 to 2019

YEAR	Close
2015	7980.3
2016	7663.56
2017	14593.5
2018	13539.6
2019	16013.5

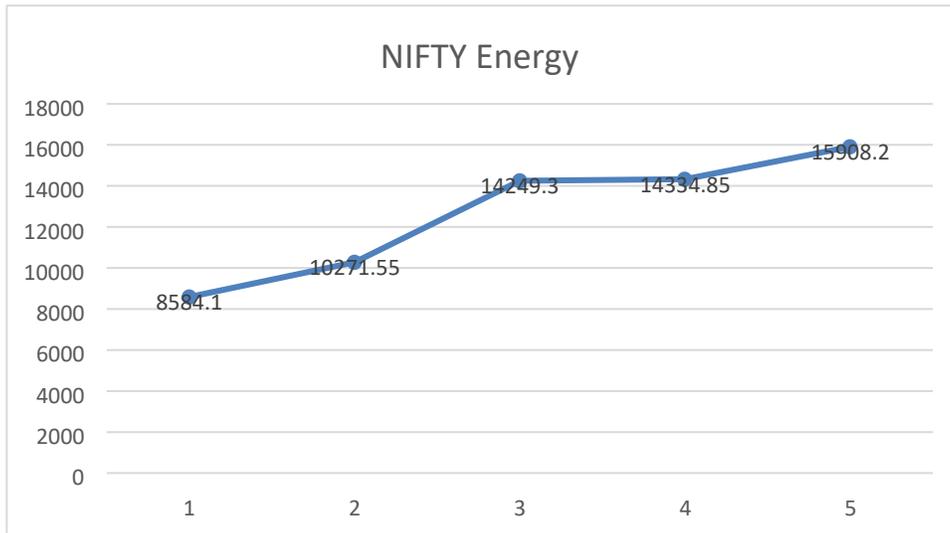


Interpretation:

During the year 2015 the NIFTY Consumer Durables closed at 7980.3points, by 2016 it decreased 316.74 points at7663.56 points . In 2017 it rose to 14593.5 with an increase of 90.42 percent and in 2018 it decreased by 1053.9 points and closed at 13539.63 points by 2019 there was a drastic increase by 2473.9 points at 16013.5 showing a percentage increase of 18.27 percent. From 2015 to 2019 the NIFTY Consumer Durables increased by 8033.2points which is 100.66 percentage increase this shows that investing in is NIFTY Consumer Durables a great benefit to the investors since in a period of five years it has increased more than hundred percent

Table 1.7: Closing points of NIFTY Energy from year 2015 to 2019

Year	Close
2015	8584.1
2016	10271.55
2017	14249.3
2018	14334.85
2019	15908.2



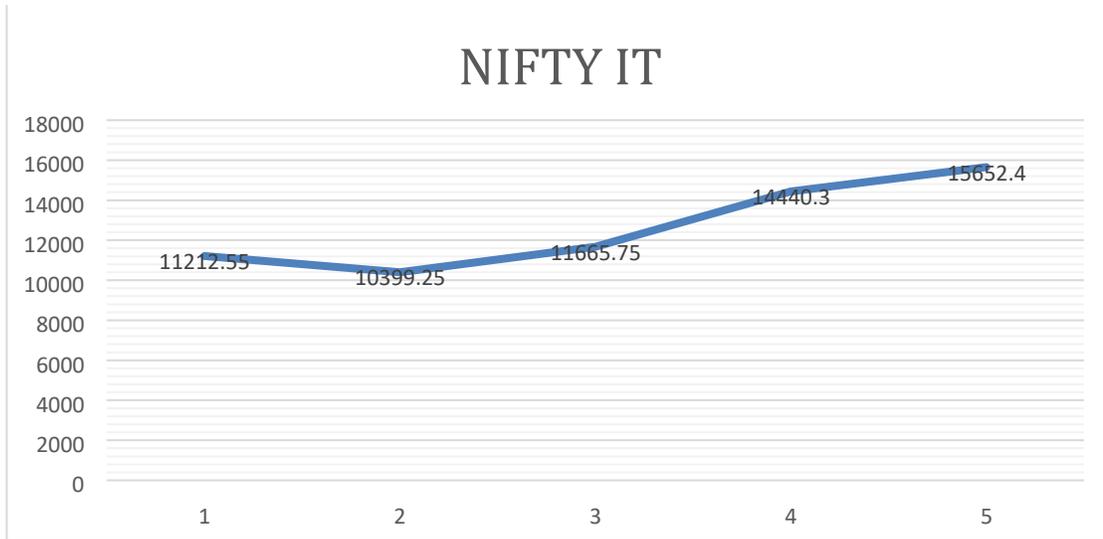
Interpretation:

During the year 2015 the NIFTY Energy closed at 8584.1 points, by 2016 it reached 10271.55 points with an increase of 19.65 percent. In 2017 it rose to 14249.3 with an increase of 38.72 percent and in 2018 the points increased by 85.5 points at 14334.85 by 2019 there was a drastic increase by 1573.35 points at 15908.2 showing a percentage increase of 10.97 percent. From 2015 to 2019 the NIFTY Energy increased by 7324.1 points which is 85.32 percentage increase this shows that investing in is NIFTY Financial Services a great benefit to the investors since in a period of five years it has increased more than fifty percent.

Closing points of NIFTY IT from year 2015 to 2019

YEAR	CLOSE
2015	11212.55
2016	10399.25
2017	11665.75

2018	14440.30
2019	15652.40



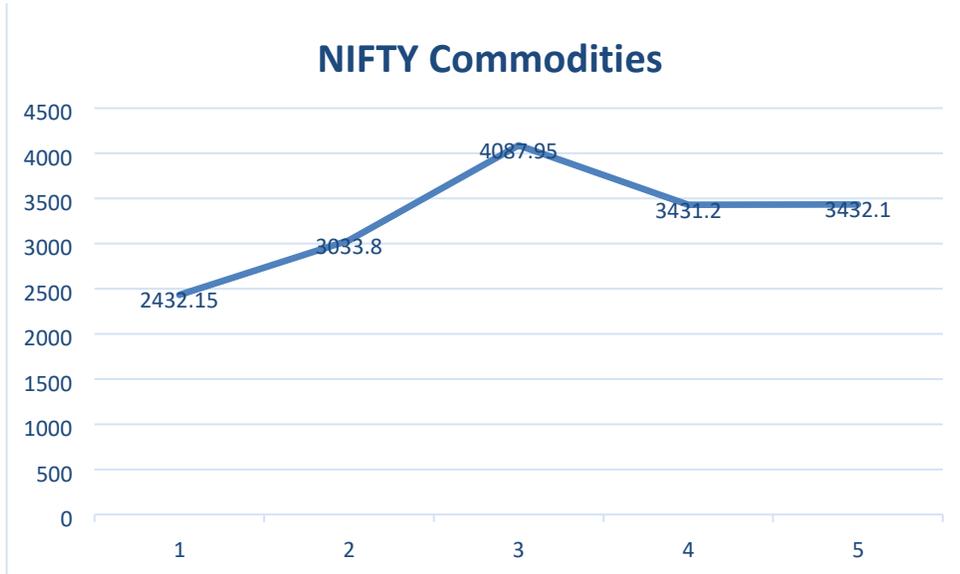
Interpretation:

During the year 2015 the NIFTY IT closed at 11212.55points, by 2016 it decreased 813.3 points reached 10399.25 . In 2017 it rose to 11665.75 with an increase of 12.17 percent and in 2018 it increased by 2774.55 points closed at 14440.3 by 2019 there was a drastic increase by 1212.1 points at15652.4 showing a percentage increase of 8.39 percent. From 2015 to 2019 the NIFTY IT increased by 4439.85 points which is 39.59 percentage increase this shows that investing in is NIFTY IT great benefit to the investors.

Closing points of NIFTY Commodities from year 2015 to 2019

YEAR	CLOSE
2015	2432.15
2016	3033.8

2017	4087.95
2018	3431.2
2019	3432.1

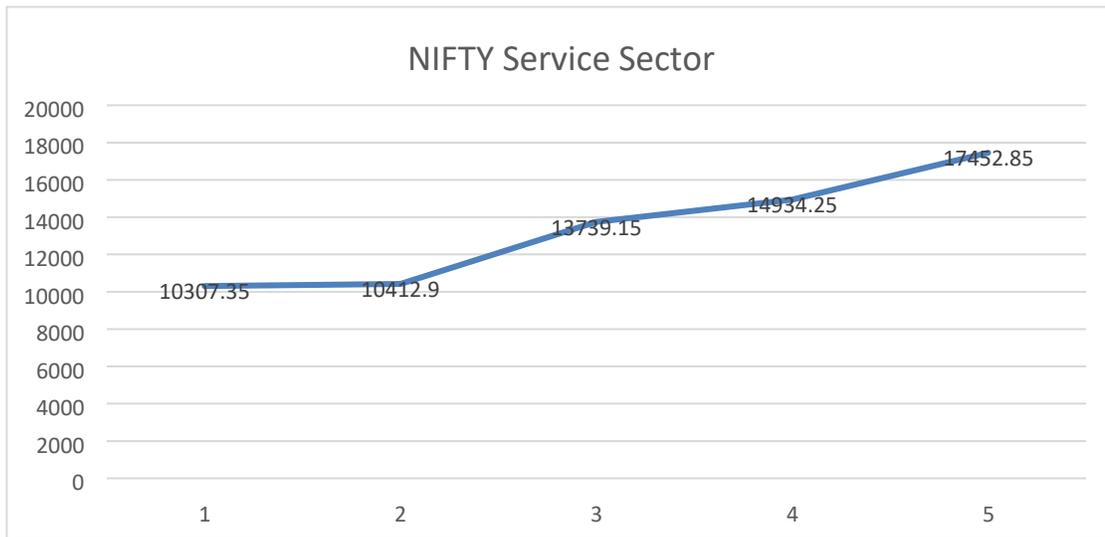


Interpretation:

During the year 2015 the NIFTY Commodities closed 2432.15 points , by 2016 it reached 3033.8points with an increase of 24.73 percent. In 2017 it rose to 4087.95 with an increase of 34.74 percent and in 2018 it decreased by 656.75 points and closed at 3431.2 by 2019 it reached 3432.1.From 2015 to 2019 the NIFTY Commodities increased by 999.95 points which is 41.11 percentage increase this shows that investing in is NIFTY Commodities is a great benefit to the investors.

Table 1.8: Closing points of NIFTY Service Sector from year 2015 to 2019

YEAR	CLOSE
2015	10307.35
2016	10412.9
2017	13739.15
2018	14934.25
2019	17452.85



Interpretation:

During the year 2015 the NIFTY Service Sector closed at 10307.35points, by 2016 it reached10412.9 points with an increase of 1.02 percent. In 2017 it rose to 13739.15 with an increase of 31.94percent and in 2018 the points increased by 1195.1 at 14934.25points showing a percentage increase of 8.69 percent by 2019 there was a drastic increase by 2518.6 at17452.85showing a percentage increase of 16.86 percent. From 2015 to 2019 the NIFTY Service Sector increased by 7145.5 points which is 69.32 percentage increase this shows that investing in NIFTY Service Sector is a great benefit to the investors since in a period of five years it has increased more than fifty percent.

FINDINGS, CONCLUSIONS, SUGGESTIONS

FINDINGS

- Out of all the nine sectors, it is found that financial services sector weightage was more out of nine sectors, six sectors analysis was made whose weightage was 92.42 percent out of these financial services sector is highest which showed 38.85 percent.
- From 2015 to 2019 the NIFTY50 increased by 4222.1 points which is 53.13 percentage increase this shows that investing in NIFTY50 is a great benefit to the investors since in a period of five years it has increased more than fifty percent.
- . From 2015 to 2019 the NIFTY Financial Services increased by 7498.25 points which is 106.22 percentage increase this shows that investing in is NIFTY Financial Services a great benefit to the investors since in a period of five years it has increased more than hundred percent.
- From 2015 to 2019 the NIFTY Consumer Durables increased by 8033.2points which is 100.66 percentage increase this shows that investing in is NIFTY Consumer Durables a great benefit to the investors since in a period of five years it has increased more than hundred percent.
- From 2015 to 2019 the NIFTY Energy increased by 7324.1 points which is 85.32 percentage increase this shows that investing in is NIFTY FinancialServices a great benefit to the investors since in a period of five years it has increased more than fifty percent.
- From 2015 to 2019 the NIFTY IT increased by 4439.85 points which is 39.59 percentage increase this shows that investing in is NIFTY IT great benefit to the investors.
- From 2015 to 2019 the NIFTY Commodities increased by 999.95 points which is 41.11 percentage increase this shows that investing in is NIFTY Commodities is a great benefit to the investors.
- From 2015 to 2019 the NIFTY Service Sector increased by 7145.5 points which is 69.32 percentage increase this shows that investing in NIFTY Service Sector is a great benefit to the investors since in a period of five years it has increased more than fifty percent.

CONCLUSIONS

- It can be concluded that investors who invested in Financial Services benefited more when compared to other sectors pertaining to the period 2015 to 2019.

SUGGESTIONS

- It is recommended that investors should prefer investing in Financial Services.

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