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A PROJECT REPORT ON TRADING MECHANISM AT B.N. RATHI SECURITY LIMITED, PRODDATUR

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Abstract

The trading mechanism refers to the process and infrastructure through which financial assets, such as stocks, bonds, commodities, or currencies, are bought and sold in the financial markets. It encompasses various components, including exchanges, trading platforms, brokers, and clearing houses, that facilitate the execution and settlement of trades.

At its core, the trading mechanism involves matching buy and sell orders from investors and traders, thereby establishing market prices and facilitating liquidity. Market participants submit orders specifying the quantity and price at which they are willing to buy or sell an asset. These orders are then matched through electronic trading systems based on predefined rules and algorithms.

Key aspects of the trading mechanism include order types, such as market orders, limit orders, and stop orders, which dictate how trades are executed. Additionally, factors like market micro structure, regulations, and market participants' behavior influence the efficiency and fairness of the trading process.

Key words :-

- Order types
- Market micro structure
- Liquidity
- Market participants
- Exchanges
- Trading platforms
- Clearing houses
- Order matching
- Market prices



Introduction:-

The history of online stock trading is a capturing and radical the past about the strength of the two main points clashing and establishing a new shape of Stock market world eternally. The two points doomed to come across the public access internet service and online stock trading.

In the beginning, electronic transmission networks were being employed by brokerage houses for bid and ask position of stocks it had been realized that potential of public access and possession of personal computers were in popularity due to efficiency and low cost.

In United states exchanges 75% and above stock shares traded via automated trading system orders. Indian stock market is one of the extending markets all over the world. Perm Chand Roy Chand was a leading stock broker who trading the stocks in Bombay Stock Exchange originated in 1875 in Dalal Street. Two main exchanges in India for trade are Bombay stock exchange started in 1875 and National Stock Exchange incorporated in 1992.

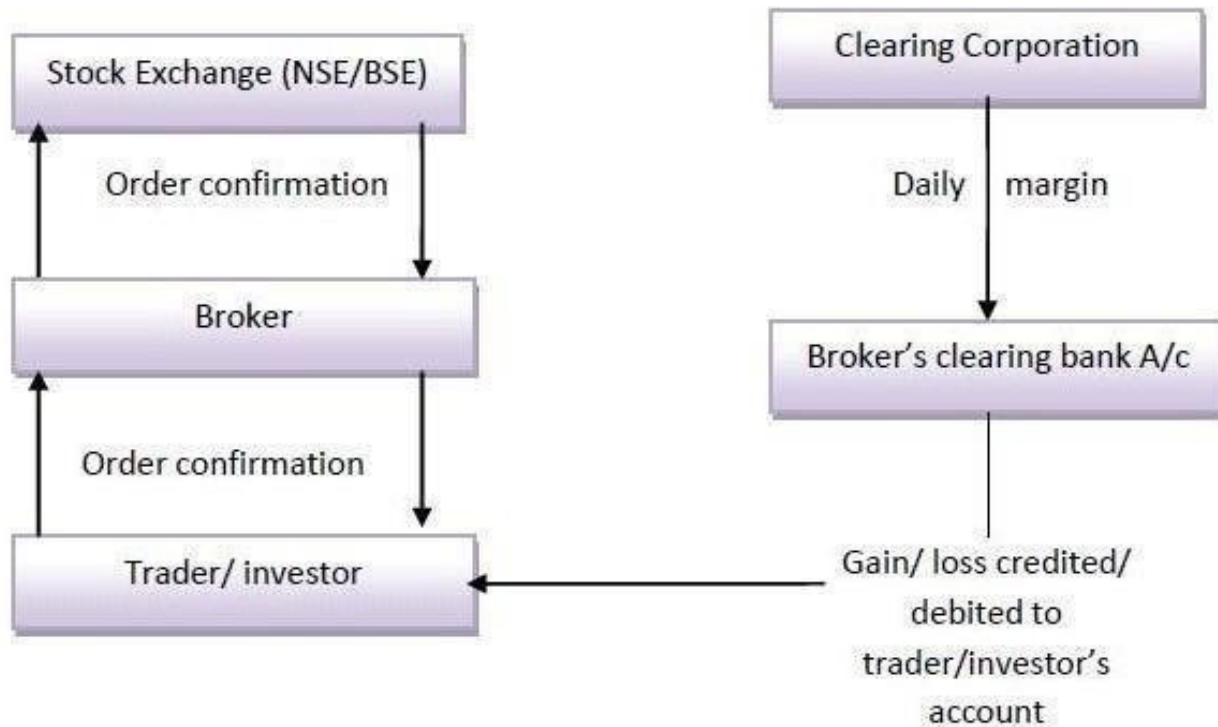
Now we will be dealing on the trading platforms or the software used for trading. In order to induce more transparency and efficiency in the trading system, NSE and BSE introduced nationwide online fully automated "Screen Based Trading System". The trading platform used by BSE is called BOLT-Bombay Online Trading. The order of investors is placed on the basis of time and price basis.

TRADING PROCESS:-

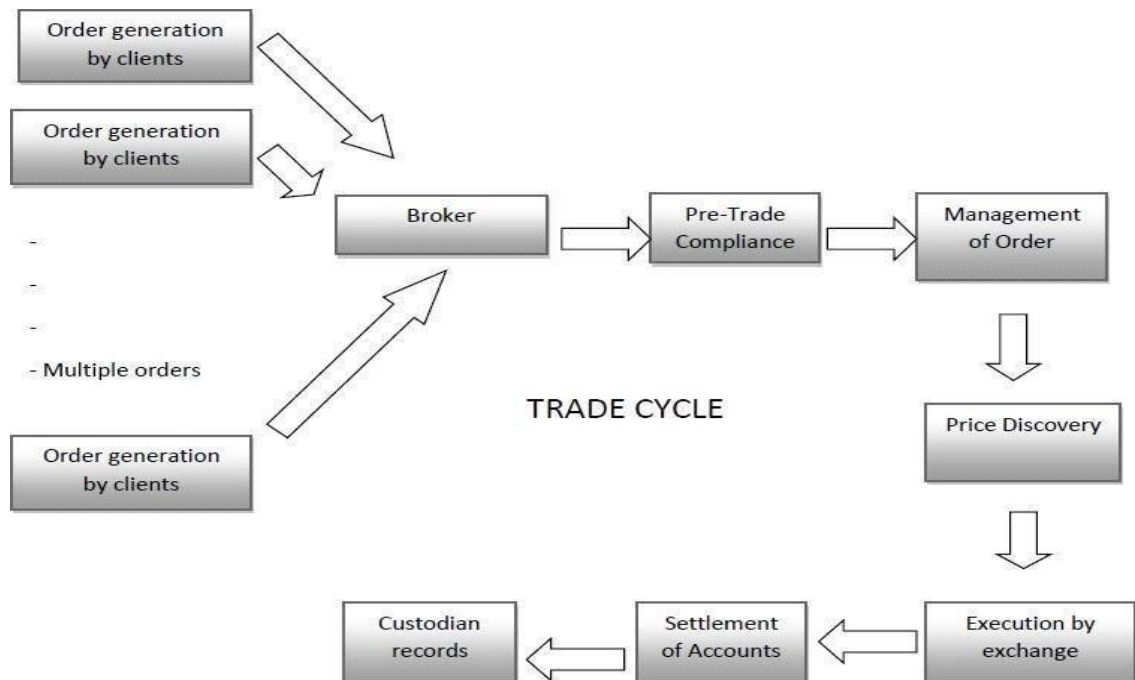




FLOW CHART OF TRADING:-



TRADING CYCLE PROCES





Review of literature:

- On the basis of literature study, it can be concluded that electronic or automated trading system has impact in positive way but also, we should keep in mind that technology comes in both form and especially in financial markets a big question raises for the safety and security of market health.
- Giuseppina, Mahnoosh Mirghaemi , Philip Rreleaven , Chaiyakorn Yingsaere(2022) was paper concerned on algorithm trading as automatize the trading procedure which includes technical and fundamental analysis, buy and sell advises, market trade activities and every phase directed by humans and algorithm.
- With the reference of working paper on computer trading In UK the actual Centre point is to fiscal stableness and electronic trading, effect of electronic trading in price efficiency and each transaction cost and effect of developed technology.
- MICHAELJ. MCGO (2022), discussed about the pros and consofe high frequency trading. The paper focused whether high frequency trading is more harmful or beneficial for the society. Various automated trading HFT strategies, whereas the other side contains the problems as lack of knowledge or understanding which would be responsible for price manipulation, illegal activities. And heft would be harmful for the investors.
- Final project report on future of computer trading in financial markets (Oct 2012), emphasized on the high frequency trading benefits for the markets over the negative perspective. The project also reflected strong measures with cautiously and further task to inform policies in the field of deficiency of knowledge and uncertainties.
- Joel Hasbrouck, George So fianos, Deborah So sebee (2018), drafted a working paper concerned on the New York trading rules and regulations and the examined area such as the auto trail, super dot, trade quotes, order positions.
- ANTHONY G. KIUNA(2018) , study focused on the impact of auto mated trading system on the Nairobi stock exchange .For the purpose, longitudinal survey designed from the 2003 to 2010, paired t-test, correlation technique which found that electronic trading beneficial for the market and suggest to the markets should also adapt the technology for further better growth.
- MichaelA. Goldstein, Pavitra Kumar band Frank C. Gravesb (2016), examined in his study about the automated trading scenario with a view of profitability, strategies, practices and also its impact on functioning of financial markets and how to establish the technology with the degree of fairness and risk associated with high-speed technology.
- Helen Allen, John Hawkins and Setsuya Sato(2012), study cent red on the theme of electronic trading and its implication over the financials market. This paper consists the discussion



Objectives:

- To identify trading mechanism in stock exchange.
- To Analyze ways to improve wealth maximization.
- To analysis market fluctuations.
- To understand the trading policies and procedures.
- To study the behaviour of investor towards stock prices.

Need for the study:

Every investor wants to make cash in stocks, regardless of the level of experience. It is easy to fall for the desire, but one needs to have a good strategy in place to be able to protect one' cash and make handsome returns

Investing in the stock market is simple, but not easy. It requires passion, patience and regulation. Plus, one needs to have a sound understanding of the market and the forces at work and also some bit of research capability.



Research methodology:-

The data gather from methods both raw data and addition data collection methods.

Primary Data: The method includes the data collected from the personal interaction with Authorized members of B.N. R securities limited.

SecondaryData: The addition data collection method includes.

- Data collected from the NSE, chart link.
- The data is also collected from money control app.
- The study over all influence of online trading security market.

RESEARCH DESIGN:-

ANALYTICAL STUDY :-

An analytical study is a type of research that examines the relationship between variables to make predictions and test hypotheses.

SAMPLESIZE:2 (RELIANCE AND TCS)

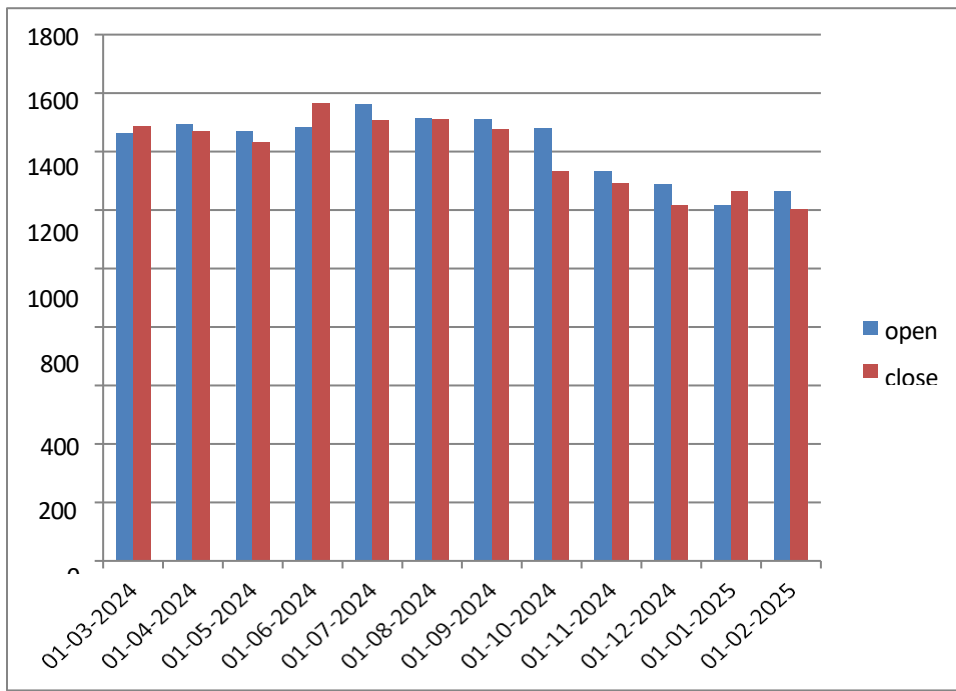


DATA ANALYSIS & INTERPRETATION:-

RELIANCE MONTHLY DATA 2024-2025

| date | open | close | adj close | | |
|------------|---------|---------|-----------|--|--|
| 01-02-2025 | 1265.1 | 1204 | 1204 | | |
| 01-01-2025 | 1214.85 | 1265.1 | 1265.1 | | |
| 01-12-2024 | 1288 | 1215.45 | 1215.45 | | |
| 01-11-2024 | 1333.05 | 1292.2 | 1292.2 | | |
| 01-10-2024 | 1480.65 | 1332.05 | 1332.05 | | |
| 01-09-2024 | 1510.88 | 1476.57 | 1476.54 | | |
| 01-08-2024 | 1512 | 1509.63 | 1499.41 | | |
| 01-07-2024 | 1562.53 | 1505.43 | 1495.24 | | |
| 01-06-2024 | 1483 | 1565.4 | 1554.81 | | |
| 01-05-2024 | 1467 | 1430.4 | 1420.72 | | |
| 01-04-2024 | 1492.47 | 1467 | 1457.08 | | |
| 01-03-2024 | 1463.5 | 1485.85 | 1475.8 | | |

RELIANCE ONE YEAR CHART:-



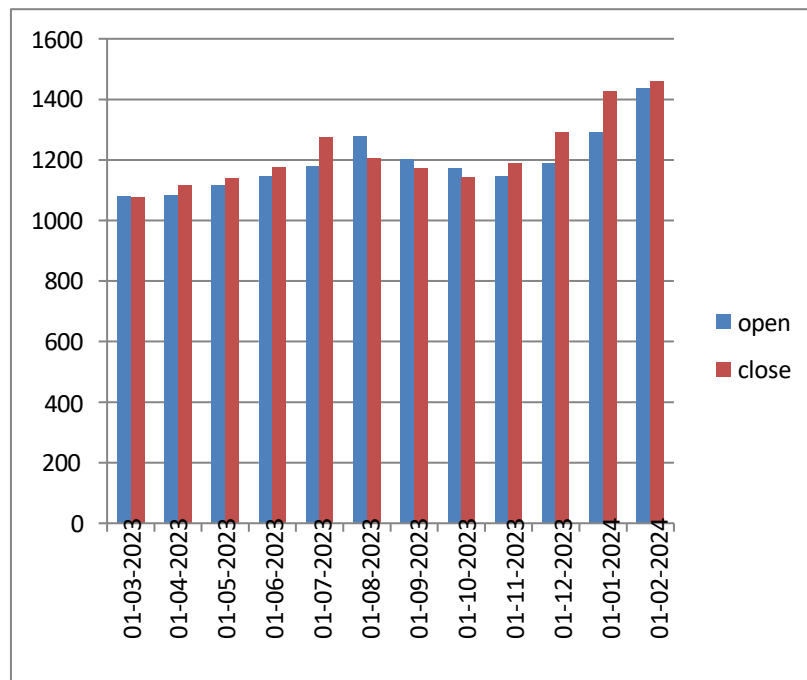
INTERPRETATION :- The middle of the year the share price is increased more than 1400.



RELIANCE MONTHLY DATA 2023 - 2024

| date | open | close | adj. close |
|------------|---------|---------|------------|
| 01-02-2024 | 1435 | 1460.8 | 1455.86 |
| 01-01-2024 | 1290.28 | 1426.63 | 1421.8 |
| 01-12-2023 | 1189 | 1292.47 | 1288.1 |
| 01-11-2023 | 1144.57 | 1188.77 | 1184.7 |
| 01-10-2023 | 1172.5 | 1143.95 | 1140.08 |
| 01-09-2023 | 1203.28 | 1172.5 | 1168.53 |
| 01-08-2023 | 1277.5 | 1203.5 | 1190.99 |
| 01-07-2023 | 1180.53 | 1274.63 | 1261.37 |
| 01-06-2023 | 1144.59 | 1176.94 | 1164.7 |
| 01-05-2023 | 1117.06 | 1139.86 | 1128.01 |
| 01-04-2023 | 1082.22 | 1117.06 | 1105.44 |
| 01-03-2023 | 1081.76 | 1075.78 | 1064.59 |

RELIANCE ONE YEAR DATA CHART :-

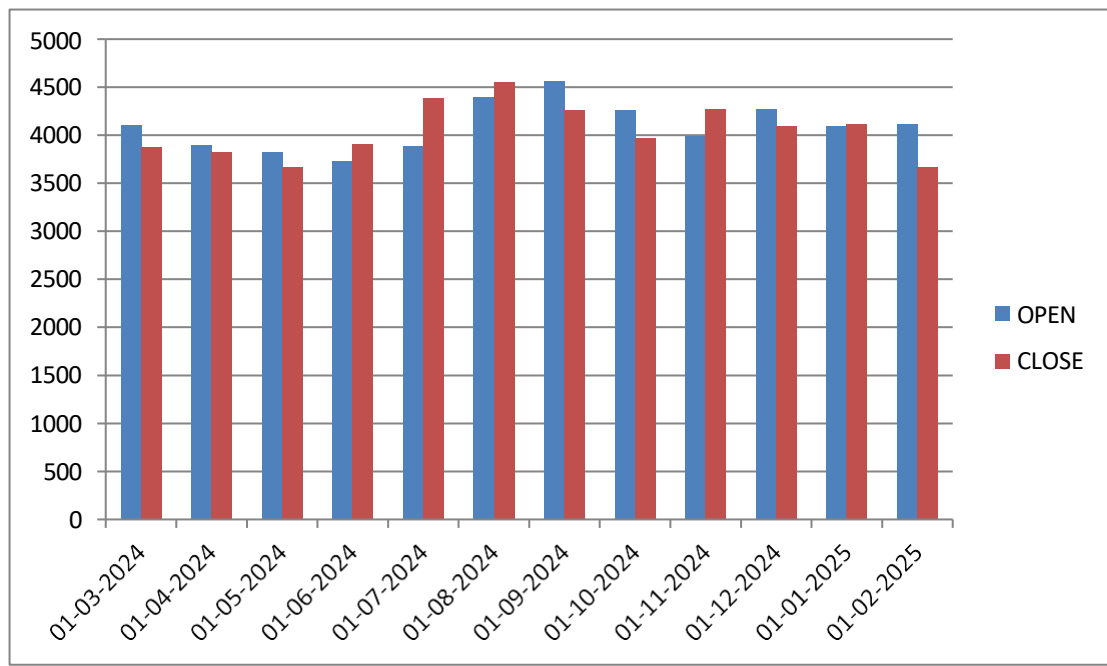




TATA CONSULTANCY SERVICES MONTHLY DATA 2024 – 2025

| DATE | OPEN | CLOSE | ADJ.CLOSE | |
|------------|---------|---------|-----------|--|
| 01-02-2025 | 4113 | 3670 | 3675.6 | |
| 01-01-2025 | 4094.4 | 4112.4 | 4047.87 | |
| 01-12-2024 | 4270 | 4094.8 | 4030.55 | |
| 01-11-2024 | 3989.85 | 4270.85 | 4203.84 | |
| 01-10-2024 | 4255.55 | 3968.45 | 3896.68 | |
| 01-09-2024 | 4567 | 4268.5 | 4191.3 | |
| 01-08-2024 | 4399.4 | 4553.75 | 4471.39 | |
| 01-07-2024 | 3884 | 4385.35 | 4296.06 | |
| 01-06-2024 | 3732.8 | 3904.15 | 3824.66 | |
| 01-05-2024 | 3820.65 | 3670.95 | 3570.25 | |
| 01-04-2024 | 3897.7 | 3820.65 | 3715.85 | |
| 01-03-2024 | 4107.2 | 3876.3 | 3769.97 | |

TCS ONE YEAR DATA CHART :-



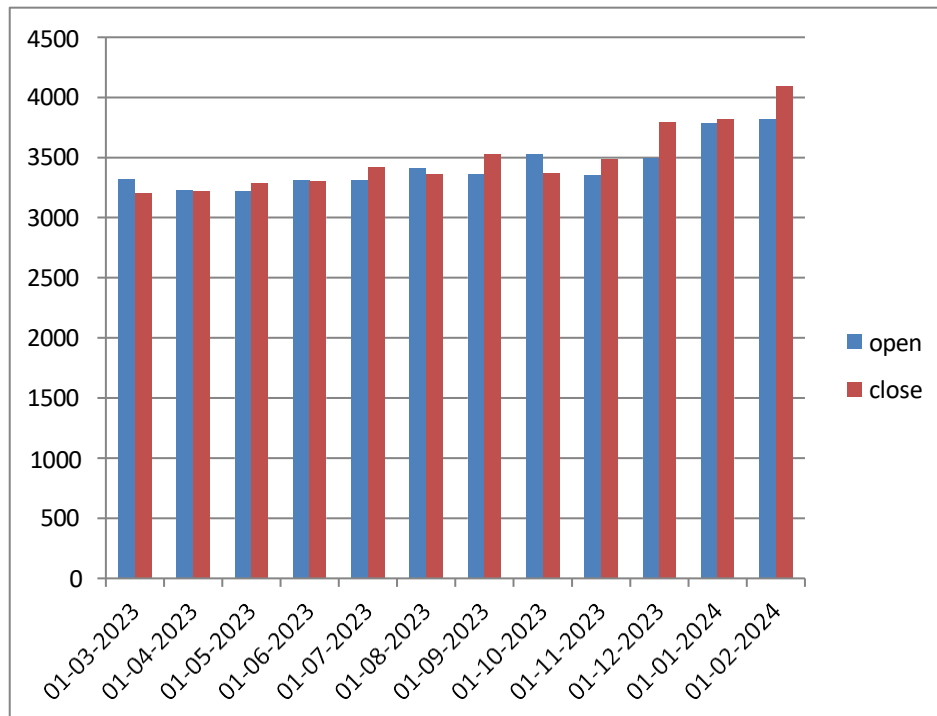
INTERPRETATION:- The middle of the year the share price more than 4000.



Tata consultancy service Monthly data 2023-2024:-

| date | open | close | adj.close |
|------------|---------|---------|-----------|
| 01-02-2024 | 3820 | 4095.1 | 4036.64 |
| 01-01-2024 | 3790 | 3815.95 | 3752.8 |
| 01-12-2023 | 3500 | 3793.4 | 3330.62 |
| 01-11-2023 | 3355 | 3487.6 | 3429.88 |
| 01-10-2023 | 3528.6 | 3368.75 | 3303.45 |
| 01-09-2023 | 3366 | 3528.6 | 3461.25 |
| 01-08-2023 | 3415 | 3356.8 | 3292.73 |
| 01-07-2023 | 3314.3 | 3421.45 | 3347.44 |
| 01-06-2023 | 3314 | 3302.22 | 3206.97 |
| 01-05-2023 | 3219.25 | 3289.5 | 3194.59 |
| 01-04-2023 | 3224.95 | 3219.25 | 3126.36 |
| 01-03-2023 | 3323 | 3205.9 | 3113.4 |

TCS ONE YEAR DATA CHART:-





CONCLUSION:-

Online trading is the new and fresh concept in the stock market. In India, Online trading has made it easy to trade secondary data is previously collected and gathered for some project other than the one hand. It is collected and recorded by someone else prior to current needs of the researcher. It is less expensive than the primary data.

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