

A Comparative Analysis of Stock Brokers in India

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Abstract – The stock exchange is the barometer of the economy. The growth and development of an economy depends on the smooth functioning of the stock exchange. The stock exchanges mobilize the savings and give an opportunity to the public to invest their surplus funds in the most profitable ventures. The stock brokers play an important role in the stock exchange. A stock broker is an individual who is professionally regulated by the stock exchange and also associated with the brokerage firm, does the work of buying and selling securities through stock exchange on behalf of retail as well as institutional investors in return for a commission or fees. In our study, we made a comparative analysis of different stock brokers in India.

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INTRODUCTION

The stock exchange is a market place where the agents of buyers and sellers meet with each other through screen based trading. It is a centralised place where the prices of securities are determined by the forces of demand and supply. In other words, it is an organisation which provides platform to the buyers and sellers to make trades in the listed securities. In all stock exchanges the trading in listed securities is done by brokers and dealers. In simple terms stock exchange is nothing but the group of dealers and brokers who transact in listed securities. According to the securities Contracts (Regulation) Act, 1956, "Stock exchange means anybody of individuals, whether incorporated or not, constituted for the purpose of assisting, regulating or controlling the business of buying, selling or dealing in securities." The stock brokers play an important role in the stock exchange. A stock broker is an individual who is professionally regulated by the stock exchange and also associated with the brokerage firm, does the work of buying and selling securities through stock exchange on behalf of retail as well as institutional investors in return for a commission or fees.

TYPES OF 'RETAIL BROKERS' IN INDIAN STOCK MARKET

It is not possible for investors to trade without stock broker in the stock market. For any transaction in the stock exchange like buying and selling of securities or stocks requires an agent known as stock broker. The stock broker acts as an agent between the stock exchange and the investor in the stock market. The

stock brokers are regulated and registered by the stock exchange and SEBI. Broadly, the stock brokers are divided into three categories which are as follows:-

- 1. Full service or Conventional Brokers:-** The full service brokers are considered as traditional broker. They give a wide range of services under one umbrella. They offer trading facilities for stocks, commodities and currency derivatives, mutual funds, bonds, IPOs, and Insurance along with extra services like trading tips, superior analysis and guidance on investment in stocks, professional assistance on asset management etc. They charge more fees for their services than discount brokers. In India, we have more than 10,000 full service brokers offering different types of services along with trading facility. ICICI Direct, kotak Securities are some of the most popular full service brokers in India.
- 2. Discount Stock brokers (Flat fee brokers):-** They offer only the trading facilities to the investors. It is well suited to those investors who understand the market well. They do not provide additional services to the investors like full service brokers. The fees or commission charged by the discount broker is much less than the full service brokers. They offer high speed and low brokerage trading facility to the investors trading in stocks, commodities and currency derivatives, mutual funds, bonds, IPOs, etc. They just enable the traders to trade in the stock market at minimum bare cost. They contribute around 10% of the

turnover at Bombay stock exchange and National Stock exchange. Zerodha, SAS Online, Trade jinni are some of the most popular discount stock brokers in India.

- 3. Stock brokers offering 3 in 1 Accounts:-**
The Commercial banks provides saving bank account , demat account and trading facilities to trade on National stock exchange and Bombay Stock Exchange like full service broker. The basic requirement is to open a saving account in a bank which they link with the demat account. The brokerage charges are high alike full service charge brokers. The biggest advantage of 3 in 1 account is that the funds automatically get credited to the bank account of the investor in case of sale of securities.

OBJECTIVE OF THE STUDY

The stock market is the barometer of an economy. The financial health of the country can be accessed through stock market. The Stock market mobilizes the savings of the investors and channelized into the profitable ventures. This function of stock market is performed by the stock brokers. It is not possible for any investor to invest in the stock market without the help of stock players. They are the key players in the stock market. The purpose of our study is make comparison among different stock brokers in terms of stock broker fees, brokerage charges and transaction charges.

RESEARCH DESIGN AND METHODOLOGY

The research is based on secondary data analysis. The data for our study was collected from different websites to gather information about the stock brokers. It is descriptive in nature and focuses on the stock broker fees, brokerage charges and transaction charges charged by different stock brokers. A chart of comparison is prepared on details pertaining to different stock brokers. Table1. Depicts the comparison of stock brokers

Table 1.Comparative analysis of Stock Brokers in India

Name of the Broker	Stock Broker fees	Brokerage Charges	Transaction Charges
1. Pro Stocks	Account Opening Charge Rs0 Brokerage Account AMC Rs 0 Demat Account AMC Rs 0	Equity Delivery Rs 15 Equity Intraday Rs 15 Equity Future Rs 15 Equity Options Rs 15 Currency Futures Rs 15 Currency Options Rs 15	Equity Delivery NSE: 0.00325% BSE: 0.00275% Equity Intraday NSE: 0.00325% BSE: 0.00275% Equity Future NSE: 0.0019% BSE: 0.0005% Equity Options NSE: 0.050% BSE: 0.0025% Currency Futures NSE: 0.0011% BSE: 0.0001% Currency Options NSE: 0.040% BSE: 0.0001%

2. ICICI Direct	Account Opening Charge Rs975 Brokerage Account AMC NIL Demat Account AMC Rs 600 Minimum Brokerage Rs 35 per trade	Equity Delivery 0.55% Equity Intraday 0.275% Equity Future 0.05% to 0.03% Equity Options Rs 95 to Rs 35 per lot Currency Futures 0.050% to 0.030% Currency Options Rs 25 to Rs 10 per lot Commodity NA	Equity Delivery NSE: 0.0031% BSE: 0.0028% Equity Intraday NSE: 0.0031% BSE: 0.0028% Equity Future 0.0018% Equity Options 0.05% on Premium Currency Futures 0.0012% Currency Options 0.05% on Premium Commodity NA
3.Sharekhan	Account Opening Charge Rs 750 (adjusted against first 6 months brokerage) Brokerage Account AMC Rs 0 Demat Account AMC Rs 400 Minimum Brokerage Rs 16 per scrip	Equity Delivery 0.50% Equity Intraday 0.10% Equity Future 0.10% Equity Options Rs 100 per lot Currency Futures 0.10% Currency Options Rs 30 per lot Commodity 0.10%	Equity Delivery NSE □325 BSE □275 Equity Intraday NSE □325 BSE □275 Equity Future NSE □190 BSE □50 Equity Options NSE □5000 BSE □50 Currency Futures NSE □135 MCX □130 Currency Options NSE □4220 MCX □3220 Commodity MCX (Non-Agri) □230 MCX (Agri) □95
4.India bulls	Account Opening Charge Rs 750 Brokerage Account AMC NIL Demat Account AMC Rs 450 Minimum Brokerage 3 paise per share	Equity Delivery 0.3% Equity Intraday 0.03% Equity Future 0.03% Equity Options Rs 100/Lot Currency Futures 0.03% Currency Options Rs 100/Lot Commodity 0.03%	Equity Delivery 0.00325% Equity Intraday 0.00325% Equity Future 0.0025% Equity Options 0.055% on Premium Currency Futures 0.0025% Currency Options 0.055% on Premium Commodity 0.003%
5. Standard Account	Account Opening Charge □650 Brokerage Account AMC □0 (Free) Demat Account AMC □400 Minimum Brokerage □10 per trade	Equity Delivery □10 per trader Equity Intraday □10 per trader Equity Future □10 per trader Equity Options □10 per trader Currency Futures □10 per trader Currency Options □10 per trader Commodity NA	Equity Delivery □325 per crore (0.00325%) Equity Intraday □325 per crore (0.00325%) Equity Future □210 per crore (0.0021%) Equity Options □5100 per crore (on premium) (0.051%) Currency Futures □210 per crore (0.0021%) Currency Options □5100 per crore (on premium) (0.051%) Commodity NA
6. HDFC securities	Account Opening Charge Rs 999 Brokerage Account AMC Rs 0 Demat Account AMC Rs 750 Minimum Brokerage Rs 25	Equity Delivery 0.50% Equity Intraday 0.10% Equity Future 0.05% Equity Options Rs.100 Currency Futures Rs 23 per contract Currency Options Rs 23 per contract Commodity NA	
7.Reliance Securities	Account Opening Charge Rs 950 Brokerage Account AMC Rs 0 Demat Account AMC Rs 400 Minimum Brokerage 5 paise per share	Equity Delivery 0.40% Equity Intraday 0.04% Equity Future 0.04% Equity Options □100 per lot Commodity NA	Equity Delivery 0.0035% Equity Intraday 0.0035% Equity Future 0.0033% Equity Options 0.063% on premium Commodity NA
8. IDBI Paisabuilder	Account Opening Charge Rs 700 Brokerage Account AMC NIL Demat Account AMC Rs 350 Minimum Brokerage Rs 25 per trade or 2.5% of the trade value whichever is lower.	Equity Delivery 0.50% Equity Intraday 0.08% Equity Future 0.08% Equity Options Rs 100 per lot Currency Futures NA Currency Options NA Commodity NA	Equity Delivery 0.00325% Equity Intraday 0.00325% Equity Future 0.0019% Equity Options 0.051% on premium Currency Futures NA Currency Options NA Commodity NA
9. Religare	Account Opening Charge Rs 1000 Brokerage Account AMC Nil Demat Account AMC Rs 350 Minimum Brokerage 1p per share	Equity Delivery 0.50% to 0.10% Equity Intraday 0.050% to 0.010% Equity Future 0.05% Equity Options Rs 100 per lot Currency Futures Rs 25 to Rs 10 per lot Currency Options Rs 25 to Rs 10 per lot Commodity 0.05%	Equity Delivery 0.0037% Equity Intraday 0.0037% Equity Future 0.004% Equity Options 0.06% on Premium Currency Futures 0.004% Currency Options 0.06% on Premium Commodity 0.0035%
10. Geojit	Account Opening Charge NIL Brokerage Account AMC NIL Demat Account AMC Rs 600 Minimum Brokerage 1p per share or Rs 20/contract whichever is higher	Equity Delivery 0.30% Equity Intraday 0.03% Equity Future 0.03% Equity Options Rs 150 per contract Currency Futures Rs 150 per contract Currency Options Rs 150 per contract Commodity NA	Equity Delivery 0.00325% Equity Intraday 0.00325% Equity Future 0.0021% Equity Options 0.055% on premium Currency Futures 0.00145% Currency Options 0.0473% on premium Commodity NA
11. kotak Securities	Account Opening Charge Rs 750 Brokerage Account AMC Rs 0 Demat Account AMC Rs 600 Minimum Brokerage 4 paise for delivery and 3 paise for Intraday and Futures orders	Equity Delivery 0.49% Equity Intraday 0.049% Equity Future 0.049% Equity Options Rs 300 Commodity 0.070%	

12. Bonanza	Account Opening Charge Nil Brokerage Account AMC Nil Demat Account AMC Rs 250 Minimum Brokerage Intraday - .0001% and Delivery - .005%	Equity Delivery 0.10% Equity Intraday 0.01% Equity Future 0.01% Equity Options Rs 20 per Lot Currency Futures 0.006% Currency Options Rs 10 Commodity 0.006%	Equity Delivery NSE □325 BSE □275 Equity Intraday NSE □325 BSE □275 Equity Future NSE □215 BSE □75 Equity Options NSE □5750 BSE □3250 Currency Futures NSE □135 BSE □29 Currency Options NSE □4750 BSE □754 Commodity MCX - Non Agri □235 MCX - Agri □100
13. Angel Broking	Account Opening Charge Rs 0 Brokerage Account AMC Rs 0 Demat Account AMC Rs 450 Minimum Brokerage 5 paisa per share	Equity Delivery 0.128% to 0.40% Equity Intraday 0.0128% to 0.04% Equity Future 0.0128% to 0.04% Equity Options Rs 32 per lot to Rs 50 per lot Currency Futures 0.0096% to 0.03% Currency Options Rs.12 /Lot to Rs. 15/Lot Commodity 0.128% to 0.40%	Equity Delivery NSE □325 BSE □325 Equity Intraday NSE □325 BSE □325 Equity Future □190 Equity Options □5000 (on premium) Currency Futures □190 Currency Options □5000 (on premium) Commodity MCX □150 NCDEX □300
14. India Infoline	Account Opening Charge Rs 750 Brokerage Account AMC Rs 0 Demat Account AMC Rs 300 Minimum Brokerage Rs 0.05 per share	Equity Delivery 0.50% Equity Intraday 0.05% Equity Future 0.05% Equity Options 1% of Premium or Rs 100 per lot whichever is high Currency Futures 0.05% Currency Options 1% of Premium or Rs 100 per lot whichever is high Commodity 0.05%	Equity Delivery 0.00325% Equity Intraday 0.00325% Equity Future 0.0021% Equity Options 0.051% on premium Currency Futures 0.0021% Currency Options 0.051% on premium Commodity 0.0028%
15. Aditya Birla Money	Account Opening Charge Rs 750 Brokerage Account AMC Nil Demat Account AMC Rs 450	Equity Delivery 0.3% Equity Intraday 0.03% Equity Future 0.03% Equity Options Rs 50 Currency Futures 0.03% Currency Options Rs 20 Commodity 0.03%	Equity Delivery □325 Equity Intraday □325 Equity Future □300 Equity Options □6000 Currency Futures NA Currency Options NA Commodity □300
16. Just trade	Account Opening Charge Rs 599 Brokerage Account AMC Rs 599 Demat Account AMC Rs 250	Equity Delivery 0.40% Equity Intraday 0.04% Equity Future 0.04% Equity Options Rs 50 per lot	
17. Zerodha	Account Opening Charge □300 Brokerage Account AMC □0 (Free) Demat Account AMC □300 Minimum Brokerage Rs 0	Equity Delivery □0 (Free) Equity Intraday □20 per trader Equity Future □20 per trader Equity Options □20 per trader Currency Futures □20 per trader Currency Options □20 per trader Commodity □20 per trader	Equity Delivery NSE □325 per crore BSE □1 per trade (each side) Equity Intraday NSE □325 per crore BSE □1 per trade (each side) Equity Future NSE □210 per crore BSE □1 per trade (each side) Equity Options NSE □5300 per crore BSE □1 per trade (each side) Currency Futures NSE □135 per crore (0.00135%) Currency Options NSE □4400 (on premium) per crore (0.044%) Commodity Non-Agri □360 (0.0036%) Agri □275 per Crore
18. SBI securities	Account Opening Charge Rs 850 Brokerage Account AMC Demat Account AMC Rs 350 Minimum Brokerage Rs 0.05 for Cash, Rs 0.01 Future	Equity Delivery 0.50% Equity Intraday 0.05% Equity Future 0.05% Equity Options Rs 100 per lot Currency Futures 0.03% Currency Options Rs 30 per lot Commodity NA	Equity Delivery NSE: 0.00386% BSE: 0.00384% Equity Intraday NSE: 0.00386% BSE: 0.00384% Equity Future NSE: 0.002206% (Rs 221/Crore) Equity Options NSE: 0.05515% (Rs 5515/Crore) Currency Futures 0.002206% Currency Options NSE: 0.05515% (Rs 5515/Crore) Commodity NA
19. Ventura	Account Opening Charge Rs 150 Brokerage Account AMC NIL Demat Account AMC Rs 400 Minimum Brokerage Delivery - 2p per share, Intraday - 1p per share	Equity Delivery 0.20% Equity Intraday 0.03% Equity Future 0.03% Equity Options Rs 50 per lot Currency Futures Rs 20 per lot Currency Options Rs 20 per lot	Equity Delivery 0.0038% Equity Intraday 0.0038% Equity Future 0.0027% Equity Options 0.075% (on premium) Commodity 0.0025%
20.RKSV	Account Opening Charge Rs 150 Brokerage Account AMC Rs 0 Demat Account AMC Rs 150 Minimum Brokerage Rs 20	Equity Delivery Rs 0 Equity Intraday Rs 20 Equity Future Rs 20 Equity Options Rs 20 Currency Futures Rs 20 Currency Options Rs 20 Commodity Rs 20	Equity Delivery NSE □325 BSE □275 Equity Intraday NSE □325 BSE □275 Equity Future NSE □210 Equity Options NSE □5500 Currency Futures □150 Currency Options □6000 Commodity MCX □260/Cr

Source: www.chittorgarh.com

ANALYSIS AND INTERPRETATION

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It is to be analysed that there are large number of stock brokers in India. All the stock brokers in India are governed by the rules and regulations defined by the SEBI. In our study, we analysed the top 20 stock brokers in India comprises of Full service broker, Discount stock brokers and stock brokers offering 3 in 1 accounts. The stock brokers in India are very competitive in terms of the stock broker fees, brokerage charges and transaction charges. It is very difficult to rate them on the basis of these parameters because the knowledge, experience, skills and requirements differ from investor to investor. Hence, it is to be concluded that if you are an intraday trader and trade on a regular basis then high brokerage will affect your profit, it is better to have the services of discount stock broker. On the contrary, if you are new to the market and need guidance at every step you must go for full service brokers and if you don't want to transfer any amount to broker's account it's better to go for 3-in-1 account.

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