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**Address for
correspondence:**

Dr. Manohar Dattu Pujari
Associate professor, Head,
Department of
Accountancy, Dr Ghali
College Gadhinglaj, Dist.
Kolhapur
Email:
dr.mdpujari@gmail.com

Technological Transformation and the Growth of the Indian Share Market

Dr. Manohar Dattu Pujari

Associate professor, Head, Department of Accountancy, Dr Ghali College Gadhinglaj, Dist. Kolhapur

Abstract

Over the past two decades, the Indian share market has undergone remarkable growth, driven largely by rapid technological advancements. This research paper examines how innovations in financial technology have enhanced market accessibility, transparency, and efficiency, ultimately reshaping investor participation. Relying on secondary data sources, including SEBI and NSE reports, academic journals, and industry analyses, the study explores the evolution of trading technologies and their influence on market behavior. Key focus areas include algorithmic trading, the rise of mobile trading platforms, blockchain applications, and the use of artificial intelligence in financial decision-making. The paper also highlights the role of regulatory bodies in fostering innovation while maintaining market stability. Finally, it discusses challenges such as cybersecurity risks, regulatory hurdles, and unequal digital access, along with future directions for sustainable growth.

Keywords: Indian share market, Algorithmic trading, Blockchain, Artificial Intelligence, FinTech, Mobile trading.

Introduction:

The Indian share market has become one of the fastest-growing financial ecosystems in the world, reflecting the country's economic expansion and increasing investor participation. Over the last two decades, technological innovations have fundamentally changed the way trading is conducted. Advanced digital tools have democratized access to equity markets, enabling retail investors to engage alongside institutional players. This study explores how technology has shaped the Indian stock market by enhancing accessibility, efficiency, and transparency. It also evaluates the role of the Securities and Exchange Board of India (SEBI) in regulating and promoting innovation. Special attention is given to mobile trading platforms, which have significantly altered retail investor behavior, and to emerging technologies such as artificial intelligence and blockchain. At the same time, the study acknowledges persistent challenges, including cybersecurity threats, the digital divide, and regulatory complexities. ---

Objectives of the Study:

1. To examine how technology has enhanced accessibility and increased investor participation in the Indian stock market.
2. To analyze the contribution of regulatory authorities, particularly SEBI, in promoting technological innovation.
3. To investigate the influence of mobile trading platforms on the behavior of retail investors.
4. To identify challenges such as cybersecurity risks, market volatility, and unequal digital access.
5. To assess future directions for sustaining growth in India's digitalized financial ecosystem.

Review of Literature:

Solomon and Louise Corso (1990) argue that advancements in electronic trading systems have replaced traditional exchange specialists, streamlining investor-broker interactions. Strauss et al. (2003) highlight how technology reduces operational costs through automation in billing, order processing, and communication. According to Ashraf and Joarder (2009),

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digital adoption also influences trading volume and volatility in emerging markets. Tamrakar and Sahu (2018) emphasize that modern technology has reshaped India's stock market structure and improved efficiency. More recent reports by SEBI and NSE confirm the increasing role of FinTech in democratizing access to capital markets. Collectively, these studies underscore the central role of technological innovation in building robust and inclusive financial ecosystems. ---

Research Methodology:

This study employs a descriptive and analytical approach based on secondary data.

Sources include: Regulatory reports from SEBI and NSE (2010–2024) Publications by financial analysis firms (Bain & Company, KPMG, etc.) Academic journal articles on technology and finance Industry statistics on Demat accounts, brokerage trends, and market capitalization The analysis focuses on how different technologies have influenced accessibility, efficiency, and investor behavior in the Indian share market. --- The Indian Share Market: An Overview The Indian share market reflects the broader economic progress of the country. Traditionally reliant on manual trading floors, it has now evolved into one of the most technologically advanced markets globally. The adoption of electronic trading platforms, real-time data systems, and digital settlement frameworks has drastically improved investor experience. Mobile trading applications, blockchain experiments, and AI-powered analytical tools are reshaping how investors make decisions. These advancements have expanded participation, reduced costs, and attracted foreign institutional investors. SEBI has played a central role in ensuring that such innovations improve efficiency while maintaining investor protection. ---

Use of Technology in the Indian Share Market:

1. Increased Market Participation: As of 2024, India has over 150 million active Demat accounts. User-friendly mobile trading platforms such as Zerodha, Groww, and Upstox have lowered entry barriers, drawing millions of first-time investors from urban and semi-urban areas.
2. Algorithmic Trading: Currently, algorithmic trading accounts for more than 50% of daily trading volumes in India. These systems enhance market speed, accuracy, and liquidity but also raise concerns about volatility and systemic risks.
3. Blockchain Applications: The NSE has piloted blockchain-based settlement systems, showing potential for faster, more secure, and transparent transactions. Widespread adoption could revolutionize post-trade infrastructure.

4. Artificial Intelligence and Machine Learning: Institutional investors increasingly rely on AI-powered tools for predictive analytics, portfolio optimization, and fraud detection. These technologies provide real-time insights that improve decision-making accuracy. ---

Challenges of Technological Adoption: Despite these advancements, several challenges include:

1. Cybersecurity Risks: Rising cases of phishing, hacking, and data theft threaten investor trust.
2. Regulatory Complexity: Balancing innovation with investor protection remains difficult for SEBI.
3. Market Volatility: High-frequency algorithmic trading can amplify short-term volatility.
4. Digital Divide: Rural and semi-urban populations often lack reliable internet or digital literacy, restricting their participation. --

Future Directions:

1. Integration of Emerging Technologies: Quantum computing and decentralized finance (DeFi) may reshape predictive analytics and market access.
2. Financial Literacy Initiatives: Expanding digital education programs can empower rural investors to participate effectively.
3. Strengthening Cybersecurity Measures: Advanced security frameworks are essential to safeguard trading platforms.
4. Regulatory Sandboxes: Controlled environments for testing innovations can help regulators manage risks while fostering growth.

Conclusion:

Technology has been a transformative force in the Indian share market, improving accessibility, transparency, and efficiency. Mobile platforms, algorithmic trading, blockchain, and AI have democratized investing and attracted greater participation. However, challenges such as cybersecurity risks, market volatility, and unequal digital access must be addressed for sustainable growth. A balanced approach—combining innovation with robust regulation—will be essential for the long-term development of India's financial markets. -

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Conflicts of interest

The authors declare that there are no conflicts of interest regarding the publication of this paper.

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