# Table of Contents

<table>
<thead>
<tr>
<th>Title</th>
<th>Page No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Acknowledgement</td>
<td>vi</td>
</tr>
<tr>
<td>List of Figures</td>
<td>Xiii</td>
</tr>
<tr>
<td>List of Tables</td>
<td>Xiv</td>
</tr>
<tr>
<td>Abstract</td>
<td>xviii</td>
</tr>
<tr>
<td><strong>1. Introduction</strong></td>
<td>1-10</td>
</tr>
<tr>
<td>1.1. Introduction</td>
<td>1</td>
</tr>
<tr>
<td>1.2. Need for the Study</td>
<td>2</td>
</tr>
<tr>
<td>1.3. Statement of the Problem</td>
<td>4</td>
</tr>
<tr>
<td>1.4. Research Questions</td>
<td>4</td>
</tr>
<tr>
<td>1.5. Objectives of the Study</td>
<td>5</td>
</tr>
<tr>
<td>1.6. Hypotheses of the Study</td>
<td>5</td>
</tr>
<tr>
<td>1.7. Research Methodology</td>
<td>6</td>
</tr>
<tr>
<td>1.8. Major Findings</td>
<td>7</td>
</tr>
<tr>
<td>1.9. Limitations of the Study</td>
<td>8</td>
</tr>
<tr>
<td>1.10. Structure of the Thesis</td>
<td>9</td>
</tr>
<tr>
<td>1.11. Summary</td>
<td>10</td>
</tr>
<tr>
<td><strong>2. Literature Review</strong></td>
<td>11-34</td>
</tr>
<tr>
<td>2.1. Introduction</td>
<td>11</td>
</tr>
<tr>
<td>2.2. Growth and Development of Derivatives Market in India</td>
<td>11</td>
</tr>
<tr>
<td>2.3. Literature Related to Perception Studies</td>
<td>15</td>
</tr>
<tr>
<td>2.3.1. Derivative Accounting Information and Users Requirements</td>
<td>15</td>
</tr>
<tr>
<td>2.3.2. Studies Relating to Financial Reporting and Users Requirements</td>
<td>17</td>
</tr>
<tr>
<td>2.4. Review of Literature Related to the Extent of Information Provided and Association with Firm Characteristics</td>
<td>22</td>
</tr>
<tr>
<td>2.4.1. Derivative Accounting Information and Firm Characteristics</td>
<td>22</td>
</tr>
<tr>
<td>2.4.2. Financial Reporting Studies and Association with Firm Characteristics</td>
<td>27</td>
</tr>
<tr>
<td>2.5. Summary</td>
<td>34</td>
</tr>
<tr>
<td><strong>3. Conceptual Framework of Accounting for Derivatives</strong></td>
<td>35-63</td>
</tr>
<tr>
<td>3.1. Introduction</td>
<td>35</td>
</tr>
</tbody>
</table>
3.2. Derivatives  
3.2.1. Definition of ‘Derivative’  
3.3. Evolution of Derivatives  
3.4. History of Derivative Regulations  
3.5. Derivatives Regulations at International level  
3.6. Hedge Accounting  
3.6.1. Accounting for Hedges  
3.6.2. Meeting the Criteria for Hedge Accounting  
3.7. Hedge Accounting for Banks  
3.7.1. Hedge Accounting for Derivative Instruments  
3.7.2. Hedge Accounting and Derivative Portfolio Valuation Adjustments  
3.8. Evolution of Derivatives Markets in India  
3.8.1. Derivatives Market Participants  
3.8.2. Regulatory Framework for Derivatives Trading in India  
3.8.3. Derivative and Hedge Accounting by Indian banks  
3.9. IFRS in India  
3.10. Summary  

4. Research Methodology  
4.1. Introduction  
4.2. Population and Sample  
4.2.1. Populations of Respondents  
4.2.2. Sample of Respondents  
4.2.3. Populations of Banks  
4.2.4. Sample of Banks  
4.2.4.1. Stratified Sample of Banks by Size  
4.2.4.2. Stratified Sample of Banks by Age  
4.2.4.3. Stratified Sample of Banks by Ownership  
4.3. Primary Data Collection and Analysis  
4.3.1. Research Instrument  
4.3.2. Analysis of Primary Data  
4.4. Secondary Data Collection and Analysis  
4.4.1. Content Analysis of Bank Annual Reports  
4.4.2. Relative Derivative Accounting Compliance Index  
4.5. Reliability Test  
4.6. Validity Test  
4.6.1. Content Validity  
4.6.2. Predictive Validity  
4.7. Simple Regression Models  
4.8. Analysis of Variance (ANOVA)  
4.9. Summary
5. Analysis of Derivative Accounting Guidelines for Banks 88-112
   5.1. Introduction 88
   5.2. Gap Analysis of Derivative Accounting Guidelines 88
   5.3. Derivative Accounting Guidelines by RBI 89
   5.4. Derivative Accounting Guidelines by BIS 90
   5.5. Comparison of Derivative Accounting Guidelines by BIS and RBI 91
   5.6. Results of Analysis of Derivative Accounting Guidelines 92
   5.7. Discussion of Gaps in Guidelines 105
      5.7.1. Gap in Quantitative Derivative Accounting Guidelines 107
      5.7.2. Gap in Qualitative Derivative Accounting Guidelines 109
   5.8. Summary 112

6. Information Needs of Users of Accounting for Derivatives 113-140
   6.1. Introduction 113
   6.2. Information Needs of Users of Accounting for Derivatives 113
   6.3. Rating of Basic Survey Questions 114
   6.4. Ranking of Quantitative Derivative Accounting Information Types 116
      6.4.1. Discussion of Quantitative Derivative Accounting Information Types 119
   6.5. Ranking of Qualitative Derivative Accounting Information Types 124
      6.5.1. Discussion of Qualitative Derivative Accounting Information Types 126
   6.6. Perceptions of the Users of Derivative Accounting Information 134
   6.7. Summary 140

7. A Compliance Study of Quantitative Derivative Accounting Guidelines by Banks 141-189
   7.1. Introduction 141
   7.2. Indian Derivative Markets 141
      7.2.1. Derivatives usage for Hedging and Trading Activities by Sample Banks 144
   7.3. Compliance with Quantitative Derivative Accounting Guidelines 145
   7.4. Determinants of Level of Compliance with Quantitative Derivative Accounting Guidelines 154
7.4.1. Size as a Determinant of Level of Compliance with Derivative Accounting Guidelines by Banks
7.4.2. Age as a Determinant of Level of Compliance with Derivative Accounting Guidelines by Banks
7.4.3. Ownership as a Determinant of Level of Compliance with Derivative Accounting Guidelines by Banks
7.4.4. Simple Regression Analysis
7.5. Compliance with Quantitative Derivative Accounting Guidelines by Size of Banks
7.5.1. Level of Compliance with Quantitative Derivative Accounting Guidelines by Large Size Banks
7.5.2. Level of Compliance with Quantitative Derivative Accounting Guidelines by Small Size Banks
7.5.3. Level of Compliance with Quantitative Derivative Accounting Guidelines by Large and Small Size Banks
7.6. Level of Compliance with Quantitative Derivative Accounting Guidelines by Age of Banks
7.6.1. Level of Compliance with Quantitative Derivative Accounting Guidelines by Old Age Banks
7.6.2. Level of Compliance with Quantitative Derivative Accounting Guidelines by New Age Banks
7.6.3. Level of Compliance with Quantitative Derivative Accounting Guidelines by Old and New Age Banks
7.7. Level of Compliance with Quantitative Derivative Accounting Guidelines by Ownership of Banks
7.7.1. Level of Compliance with Quantitative Derivative Accounting Guidelines by Public Sector Banks
7.7.2. Level of Compliance with Quantitative Derivative Accounting Guidelines by Private Sector Banks
7.7.3. Level of Compliance with Quantitative Derivative Accounting Guidelines by Public and Private Sector Banks
7.8. Summary

8. A Compliance Study of Qualitative Derivative Accounting Guidelines by Banks
8.1. Introduction
8.2. Compliance with Qualitative Derivative Accounting Guidelines

8.3. Determinants of Level of Compliance with Qualitative Derivative Accounting Guidelines

8.3.1. Size as a Determinant of Level of Compliance with Qualitative Derivative Accounting Guidelines by Banks

8.3.2. Age as a Determinant of Level of Compliance with Qualitative Derivative Accounting Guidelines

8.3.3. Ownership as a Determinant of Level of Compliance with Qualitative Derivative Accounting Guidelines

8.3.4. Simple Regression Analysis

8.4. Level of Compliance with Qualitative Derivative Accounting Guidelines by Size of Banks

8.4.1. Level of Compliance with Qualitative Derivative Accounting Guidelines by Large Size Banks

8.4.2. Level of Compliance with Qualitative Derivative Accounting Guidelines by Small Size Banks

8.4.3. Level of Compliance with Qualitative Derivative Accounting Guidelines by Large and Small Size Banks

8.5. Level of Compliance with Qualitative Derivative Accounting Guidelines by Age of Banks

8.5.1. Level of Compliance with Qualitative Derivative Accounting Guidelines by Old Age Banks

8.5.2. Level of Compliance with Qualitative Derivative Accounting Guidelines by New Age Banks

8.5.3. Level of Compliance with Qualitative Derivative Accounting Guidelines by Old and New Age Banks

8.6. Level of Compliance with Qualitative Derivative Accounting Guidelines by Ownership of Banks

8.6.1. Level of Compliance with Qualitative Derivative Accounting Guidelines by Public Sector Banks

8.6.2. Level of Compliance with Qualitative Derivative Accounting Guidelines by Private Sector Banks

8.6.3. Level of Compliance with Qualitative Derivative Accounting Guidelines by Public and Private Sector Banks

xii
8.7. Comparison of Level of Compliance with Quantitative and Qualitative Derivative Accounting Guidelines by Indian Banks

8.7.1. Quantitative and Qualitative Derivative Accounting Guidelines for five years

8.7.2. Determinants of Overall Derivative Accounting Guidelines

8.7.2.1. Size as a Determinant of Level of Compliance with Overall Derivative Accounting Guidelines

8.7.2.2. Age as a Determinant of Level of Compliance with Overall Derivative Accounting Guidelines

8.7.2.3. Ownership as a Determinant of Level of Compliance with Overall Derivative Accounting Guidelines

8.7.3. Simple Regression Analysis

8.7.4. Level of Compliance with Quantitative and Qualitative Derivative Accounting Guidelines

8.8. Summary

9. Major Findings and Suggestions

9.1. Major Finding of the Study

9.2. Suggestions

9.2.1. Suggestions to the Regulatory Authorities

9.2.2. Suggestions for Practice by Banks

9.2.3. Suggestions for future research

10. Conclusion

Annexure-1 Survey Questionnaire for Users of Bank Annual Reports

Annexure-2 Relative Derivative Accounting Compliance Index

Author’s Publications and Presentations

Bibliography