

CONTENTS

<i>List of Tables</i>	<i>i</i>
<i>List of Graphs</i>	<i>iii</i>
<i>List of Charts</i>	<i>iv</i>
<i>List of Abbreviations</i>	<i>v</i>
CHAPTER 1: INTRODUCTION	1-50
1.1 Section –I	1
1.1.1. Introduction	1
1.1.2. Statement of Problem	7
1.2. Section-II	9
1.2.1. Review of Literature	9
1.2.2. Research Gap	25
1.3. Section-III	26
1.3.1. Objectives of the Study	26
1.3.2. Hypotheses of the Study	26
1.3.3. Research Methodology	27
1.3.3.1. Research Design	27
1.3.3.2. Data Collection	27
1.3.3.3. Sample Selection	29
1.3.3.4. Software Used	31
1.3.3.5. Statistical Tools	31
1.3.4. Stepwise Methodology	41
1.3.5. Objective-wise Methodology	44
1.3.6. Scope of the Study	47
1.3.7. Limitations of the Study	48
1.3.8. Structure of the Study	48
1.3.9. Conclusion	49
1.3.10. End Notes	50

CHAPTER 2: DERIVATIVES: CONCEPTUAL FRAMEWORK	51-77
2.1 Introduction	51
2.2 Derivatives: A Conceptual Framework	53
2.3 Debate Over Derivatives Introduction	54
2.4 A Brief History of Derivatives Market in India	55
2.5 Types of Derivatives	56
2.6 Derivatives instruments	57
2.6.a. Forward Contracts	57
2.6.b. Futures Contracts	58
2.6.c. Options Contracts	59
2.6.d. Swaps	60
2.6.e. Exotic Option	61
2.6.f. LEAPS	61
2.6.g. Swaptions	61
2.7 Concept of Financial Derivatives	62
2.8 Traders in Derivatives Market	63
2.8.a. Hedgers	63
2.8.b. Speculators	63
2.8.c. Arbitrageurs	63
2.9 Trading Futures: Futures Payoffs	64
2.9.a. Payoff for buyer of futures	64
2.9.b. Payoff for Seller of Futures	65
2.10 Trading Options: Option Payoffs	65
2.10.a. A Long Position in a Call Option	66
2.10.b. A Long Position in a Put Option	66
2.10.c. A Short Position in a Call Option	66
2.10.d. A Short Position in a Put Option	66
2.11 Applications of Financial Derivatives	69
2.12 Significance of Derivatives	70
2.13 Role of Derivatives in the Indian Capital Market	71
2.14 Risk Involved In Derivatives	72
2.15 Futures Terminology	74
2.16 Conclusion	75
2.17 End Notes	77

CHAPTER 3: INDIAN DERIVATIVES MARKET: A REGULATORY AND CONTEXTUAL PERSPECTIVE	78-111
3.1. Introduction	78
3.2. Brief History of Forward Trading	79
3.3. Genesis of Regulation in Financial Derivatives	80
3.4. Evolution of legal framework	81
3.5. Market Structure and Regulatory framework for derivatives in India	87
3.5.1 The Regulators	89
3.5.2 Legislations	91
3.5.3 Major Regulations in India	93
3.6. Regulatory Objectives	95
3.7. Regulatory Instruments	96
3.8. Risk Containment Measures in Indian Derivatives Market	98
3.8.1 Recommended by JR Verma	98
3.8.2 VaR Framework	104
3.8.3 Recommended by Advisory Committee of Derivatives	106
3.9. Unresolved Issues and Future Prospects	108
3.10. International Regulations of Derivatives markets	111
3.11. Conclusion	112
CHAPTER 4: GROWTH AND DEVELOPMENT OF FINANCIAL DERIVATIVES MARKET IN INDIA	114-119
4.1 Introduction	114
4.2 Historical Evolution of Derivatives Market	115
4.3 Indian Capital Market	117
4.3.1 Wholesale Debt Market Segment	117
4.3.2 Capital Market Segment	117
4.3.3 Futures and Options Segment	117
4.3.4 Currency Derivatives Segment	117
4.4 Types of Indian Derivatives Market	118
4.4.1 Exchange Traded Market	118
4.4.1.1 NSE (National Stock Exchange)	118
4.4.1.2 BSE (Bombay Stock Exchange)	119
4.4.2 Over the Counter	119

4.5. Trading Mechanism of Futures	120
4.6. Derivatives Products Traded at BSE	124
4.7. Derivatives Product traded at NSE	125
4.8. Growth of Indian Derivatives Market	126
4.9. Status of Indian Derivatives Market Vis-à-vis Global Derivatives Market	140
4.10. Conclusion	143
CHAPTER 5: DATA ANALYSIS AND HYPOTHESES TESTING	145-203
5.1. Introduction	145
Section –I	145
5.2. Theoretical Support	145
5.2.1. Securities Law (Amendment) Act 2004	146
5.2.2. Concept of Market Efficiency	164
5.3. Research Approach	165
5.3.1. Event Analysis	165
5.3.2. Estimation Procedure	166
5.4. Empirical Results	168
5.4.1. Quantitative Analysis	168
5.4.2. Graphical Analysis	170
Section –II	170
5.5. Theoretical Support	170
5.6. Research Approach and Empirical Results	172
5.7. Conclusion	202
CHAPTER 6: SUMMARY, CONCLUSIONS & SUGGESTIONS	204-222
6.1 Introduction	204
6.2 Summary of Results and Findings	207
6.3 Conclusion	217
6.4 Suggestions	219
6.5 Scope for Further Research	221
BIBLIOGRAPHY	223-238
ANNEXURES	