CHAPTER 3
OBJECTIVE
3.0 OBJECTIVES

3.1 SCOPE OF THE STUDY

The Spot market return and the Futures market return were included for the price discovery process. The variables such as volume and open interest were used to study the impact of such variables in the Spot and the Futures market. The Nifty index is also included in the study. This study includes the behavior of price discovery process between the Futures and the Spot market and also the impact of the volatility, volume and open interest in the Spot and the Futures market return. It also studies the behavior of price discovery during the Bull and Bear phase of the market. This study covers a period from its inception in the Futures market to the yearend of 2015. This study excludes the effect of mispricing, Futures market and Spot market volatility, the role of the Spot market and its sensibility in the Futures market.

3.2 OBJECTIVE OF THE STUDY

In this current study, an attempt has been made to evaluate the Price discovery between the Spot and the Futures price of the Mid-cap shares and the impact of volume and Open Interest on the Spot and the Futures price. The study includes the following aspects:

- To study the Growth and evolution of the derivatives market in India.
- To test empirically whether the Spot leads to the Futures or vice versa with reference to Nifty.
• To ascertain the Price discovery of selected Mid-cap stock Futures and its underlying Spot assets during Bull and Bear markets with special reference to Mid-cap shares traded in NSE.
• To identify the impact of changes in the Volume in the Spot prices and Futures price.
• To study the impact of changes in the Open interest in the Spot prices and Futures price.
• To ascertain the Price discovery of selected Mid-cap stock Futures and its underlying Spot prices for the entire period with special reference to Mid-cap shares traded in NSE.