CHAPTER - 9

RECOMMENDATIONS

9.1 Recommendations

Recommendations based on the primary and secondary research are presented below:

1. The demographic profile of the respondents reflect that most of the retail investors were middle aged, who are investing for the education of their children, or their retirement or in order to earn extra income. Therefore, the government bodies dealing with the derivative products should consider the demographic profile and develop suitable activities in order to attract them and influence them to invest more.

2. It has also been observed that investors rely on financial institutions and stock brokers for advice related to trading in the market. This reflects that other sources of information should also be developed as there could be many fraudulent brokers in the market.

3. Since most of the respondents indicated that they were not aware of the educational programs initiated by the government in year 2005, therefore the ministry of finance needs to develop marketing strategies in order to promote their educational programs for retail investors.
4. Also due to the sudden change in the market half of the sample population indicated that they prefer investing in the short term contracts. So institutions like NSE, BSE and others should develop products which suit the said requirements of the investors.

5. Respondents also indicated a negative correlation with respect to the orderly manner in which the transactions are carried out therefore, the financial institutions and regulatory bodies should work towards improvements which would further boost the growth.

6. In terms of regulation and protection of investor grievances, the participants are pointed out that they are not contented with the way their grievances were handled, therefore, SEBI should work towards improving their grievance redressal system.

7. In terms of addition of new products in the market most of the respondents indicated that they would want exotic derivative products like currency swaps. Therefore provisions should be made to address the issue.

9.2 Scope for Further Research

The present study has presented a detailed account of derivative market in India with special emphasis on importance of investors protection, market regulation and investor education. However, derivatives are a vast subject, which includes many different dimensions. This thesis can act as a backbone for further research in the area. Firstly, the retail investors in
other cities of India can also be surveyed in order to compare their fears and investment behavior. Secondly, since the study involved the perspectives of only investors, the future studies can focus on other dimensions as well like; stock brokers, officials from SEBI, NSE and BSE. Thirdly, the future studies can also focus on derivative markets of other countries so that comparisons can be drawn.

9.3 Conclusion

In the present market situations, ploughing money into security market could be a challenge for retail investors. However, derivatives act as an instrument for lowering the risk involved in the derivative markets and can earn good amount for each rupee invested. The investors should be aware of the educational programs and should learn themselves in order to achieve better results as awareness about different tools and techniques which can help in reducing the risk and increasing profits.