

A STUDY OF INVESTOR'S PERCEPTION IN DERIVATIVE MARKET

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DERIVATIVES IN INDIA:-

Indian capital markets derivatives will boost the nation's economic prospects. Fifty years ago, around time India became Mumbai gambled on the price of cotton in New York. They bet on last one or two digits of the closing price on the New York cotton exchange. If guessed last number, they got Rs.7/- for every Rupee. If they matched the last two they got Rs.72. Gamblers preferred using the New York cotton price because the cotton market at the time was less liquid and could easily be manipulated.

Now, India is about to acquire own market for risk. The country, emerging from a long history of stock market and foreign exchange control. In one of the vast major economies in Asia, to refashion its capital market to attract western investment. A hybrid over the counter, derivatives market is expected to develop along side. Over the last couple of years the National Stock Exchange has pushed derivatives trading.

OBJECTIVES OF THE STUDY

- To understand the concept of Financial Derivatives such as Forwards, Futures, Options and Swaps
- To know the participation of Investors in Financial Derivative Markets
- To know Strategy used by Investors While Trading in derivatives market
- To know the Expected by Investors Financial Derivatives Market
- To study the Investors Preference for selecting types of Derivatives for Investment
- To know the Investment Experience of Investors Derivative Market To know the Investors lutving any Trading in Derivatives Market from NSE, BSE or any Broking firm before trading.

RESEARCH METHODOLOGY

Achieving accuracy in any research requires a deep study regarding the subject. The prime objective of this research is to know awareness regarding mutual fund among earning people.

Descriptive Reasearch

Descriptive research a study designed to depict the participants in an accurate way. More simply put, descriptive research is all about people who take part in the study.

There three ways a **researcher** can go about a descriptive research project,

- **Observational**, defined as a method of viewing and recording the participant s
- Case study, defiled as an in-depth study of an hidividtnl or group of indivisuals

Survey, defined as a interview or discussion with an individual about a specific topic

SAMPLING: - Convenience sampling

Convenience sampling, as the name implies is a specific type of non probability sampling method that relies on data collection from population members who are conveniently available to participate In study.

Convenience sampling is a type of sampling where the first available primary data source will be used for the research without additional requirements. In other words, th1S sampling method involves getting participants wherever you can find them and typically wherever IS convenient. In Convenience sampling no inclusion identified prior to selection of subjects. All subjects are invited to participate

SAMPLE SIZE

"50 UNIT"

Sample size is an important concept in statistics, and refers to the number of individual pieces of data collected in a survey. A survey or statistic's sample size is important in determining the accuracy and reliability of a survey's findings.

In 50 Respondent are Investor IIFL Clients Noida.

DATA COLLECTION METHOD

➤ Primary data

➤ Secondary data

PRIMARY DATA:-

Data used research originally obtained through

direct efforts of the researcher

through surveys, interviews are direct observation.

SECONDARY DATA:-

Secondary data the data that have been collected by readily available from other sources. Such data are cheaper more quickly obtainable than the primary data and also may be available when primary data can not be obtained at all

TOOLS OF THE COLLECTION OF DATA

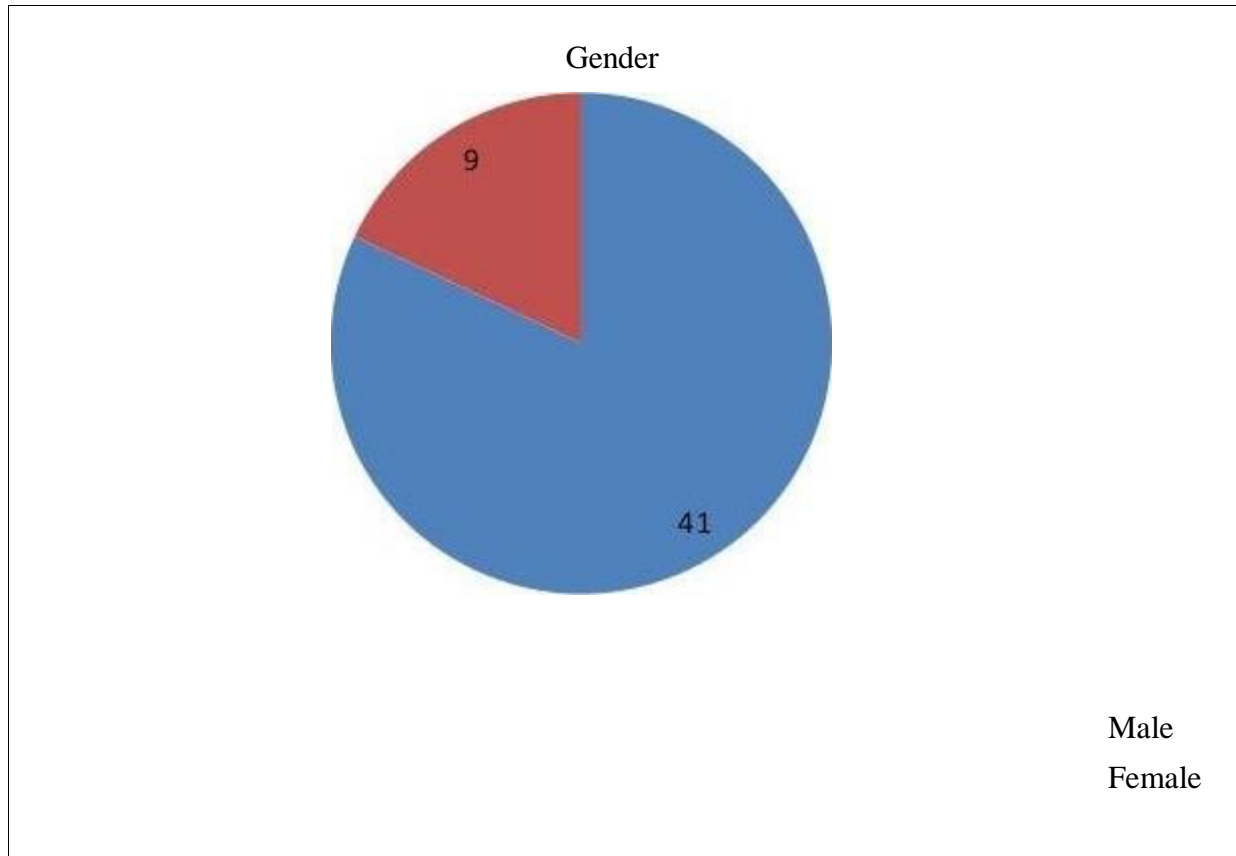
- Primary data was collected through Questionnaire where
Respondent give there valuable suggestions and feedback

- Secondary data was collected through Internet website of IIFL Company and other relevant websites.

- Journals and Magannes of the Company which are issued
Weekly, Fortnight and Monthly.

DATA ANALYSIS & INTERPRETATION

Q. 1) Gender

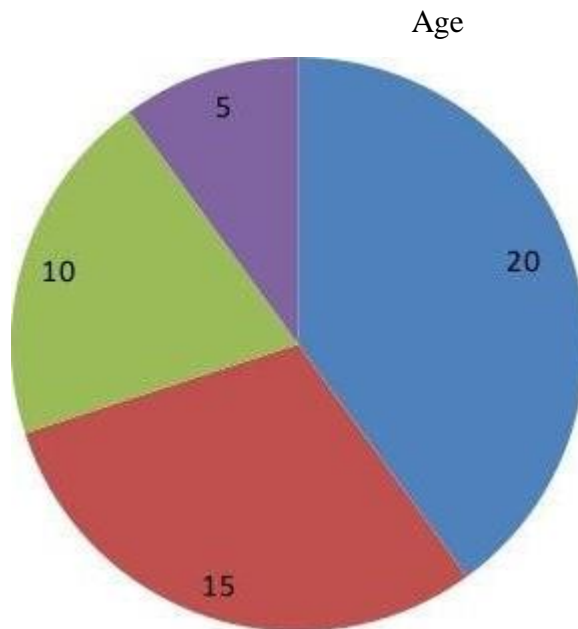


INTERPRETATION

Above Pie Chart Shows that:-

- 82% Respondents are male
- 18% Respondents are female

Q.2) Age



- 20-30
- 30-40
- 40-50
- 50 above

INTERPRETATION

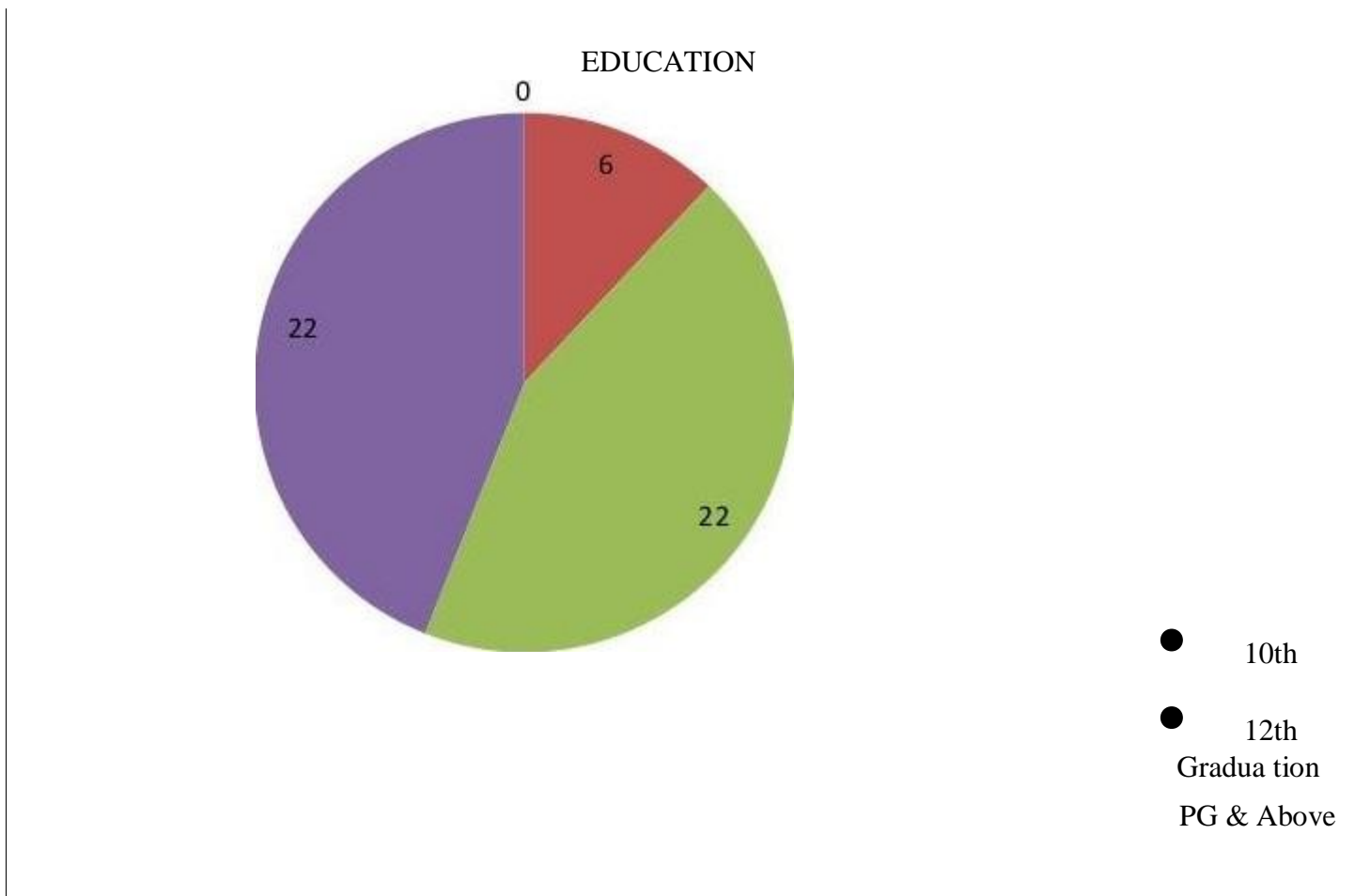
Above Pie Chart Shows that:-

➤ 40% Investors are 20-30 Age groups ➤ 30%

Investors are 30-40 Age groups ➤ 20% Investors are

40-50 Age groups

Q.3 Education

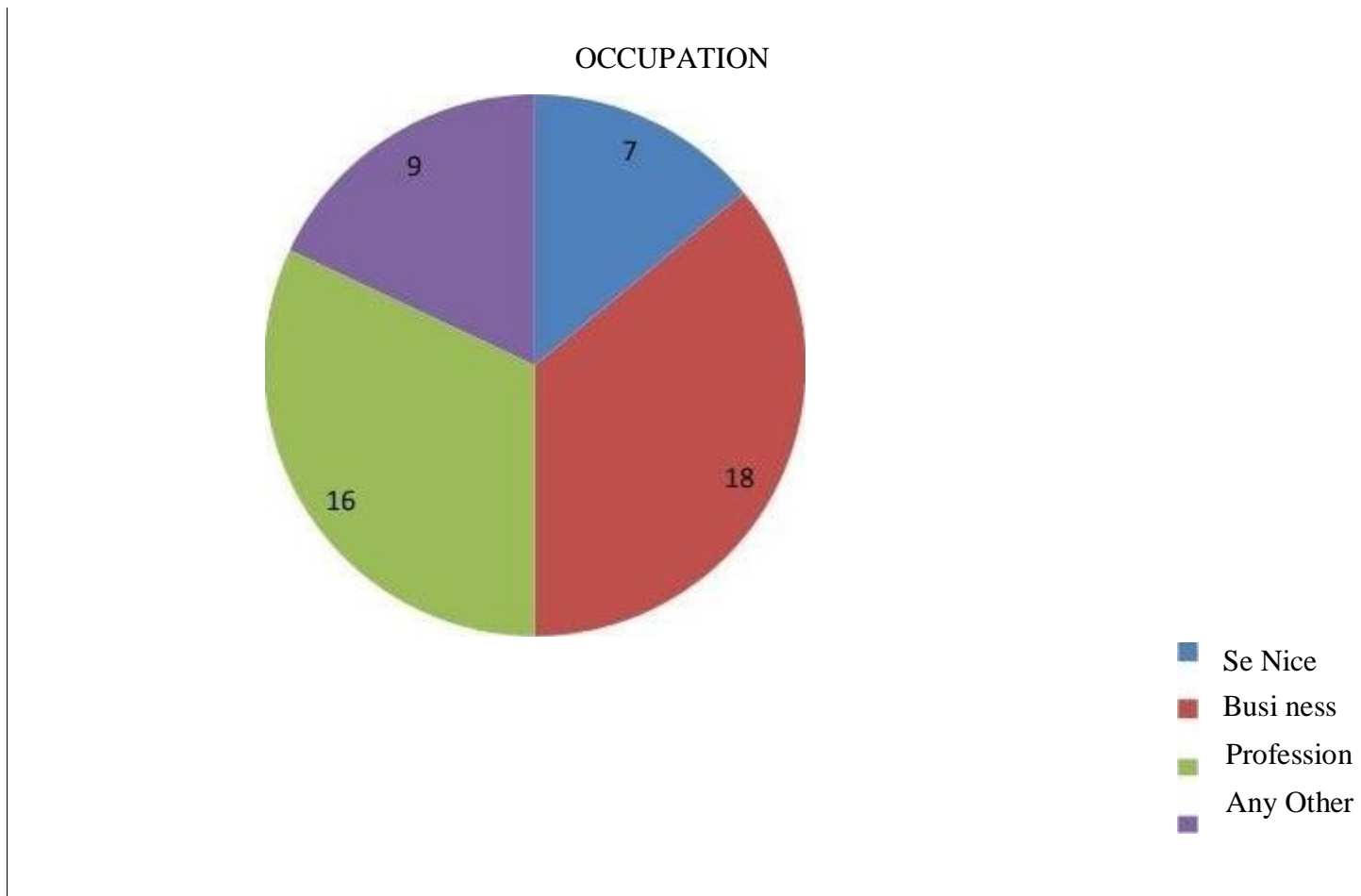


INTERPRETATION

Above Pie Chart Shows that:-

➤ 0% Investors are 10th Qualified ➤ 20% Investors 12th Qualified ➤ 44% Investors are Graduates Qualified

Q.4 Occupation

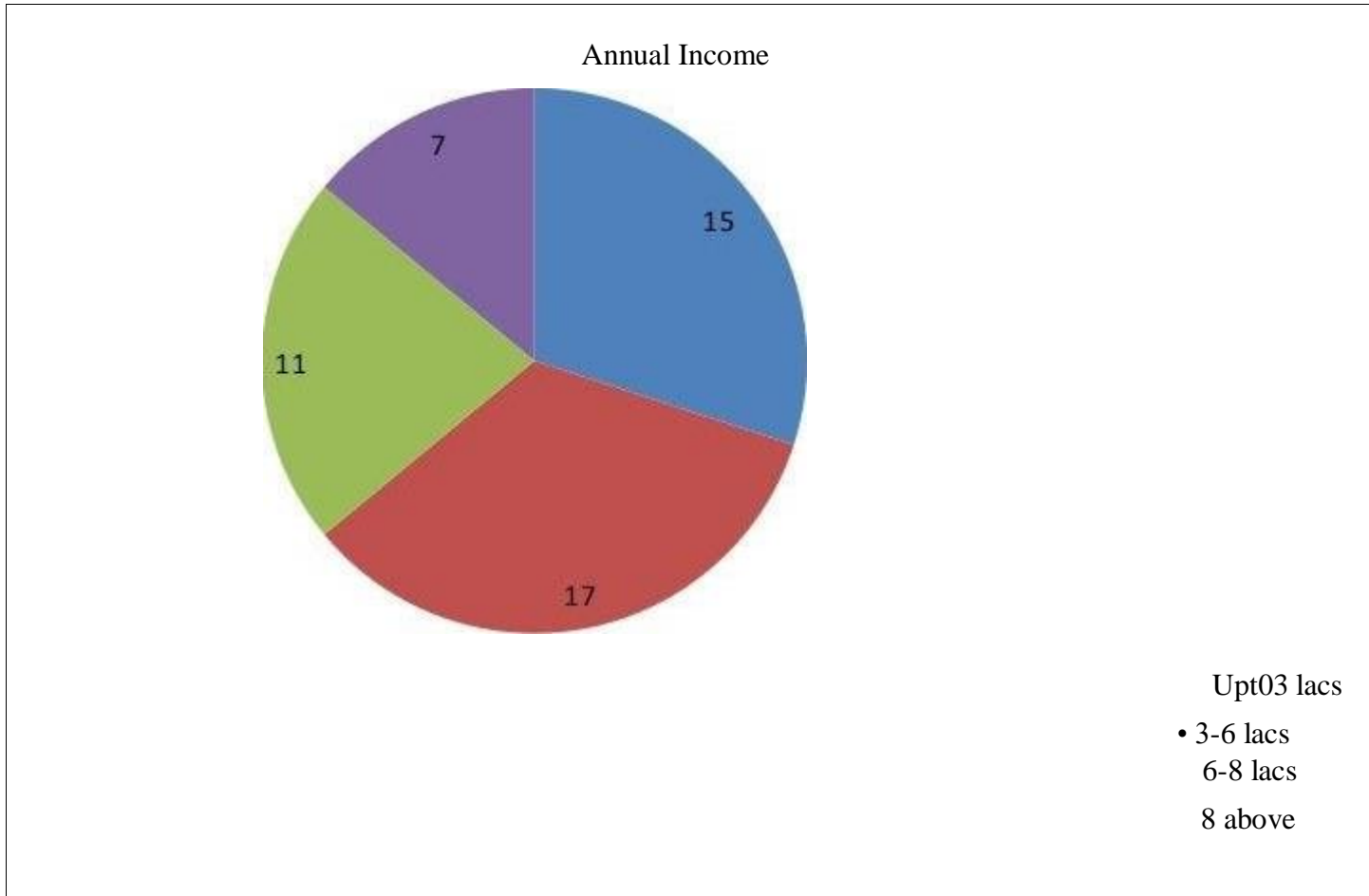


INTERPRETATION

Above Pie Chart Shows that:-

- 7% Investors are belongs to service Sector.
- 36% Investors are belongs to Busi ness Sector.
- 32% Investors are belongs to Profession Sector.
- Investors are belongs to Any Other Sector.

Q .5 Annual Income.



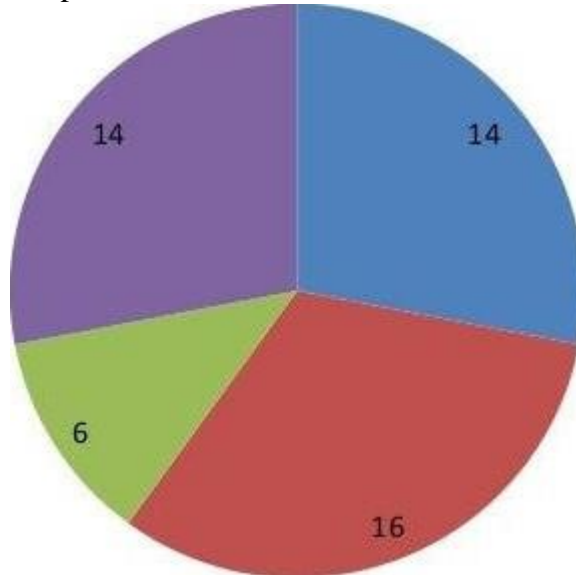
INTERPRETATION

Above Pie Chart Shows that:-

- 30% Investors Annual Income is Upto 3 Lakhs ➤ 34% Investors Annual Income is 3-6 Lakhs ➤ 22% Investors Annual Income is 6-8 Lakhs ➤ 14% Investors Annual Incomes 8 & Above Lakhs.

➤ Q.6 Participation in Derivative market as:-

Participation in Derivative market as



Hedger
Speculator
Arbitrageur
• Others

➤ INTERPRETATION

➤ Above Pie Chart Shows that:-

➤ ➤ 28% Investors are Participates as Hedger ➤ 32%

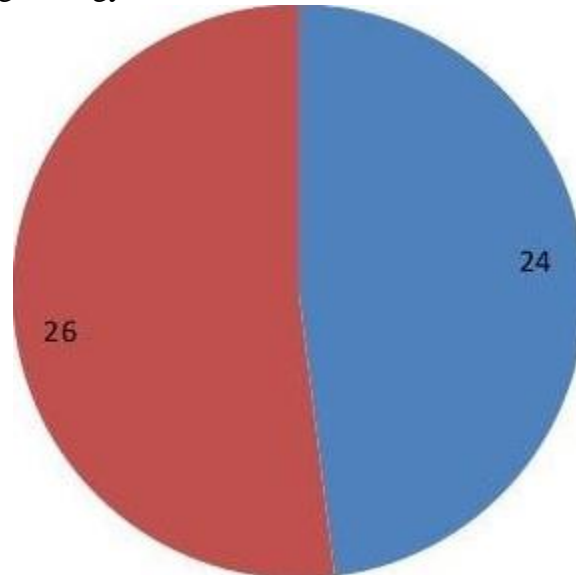
Investors are Participates as Speculator ➤ 12%

Investors are Participates as Arbitrageur-

➤ ➤ 28% Investors are Participates as Other

Q.7 Usmg Strategy 111 Denvatwe market:-

Using strategy in Derivative market



Yes

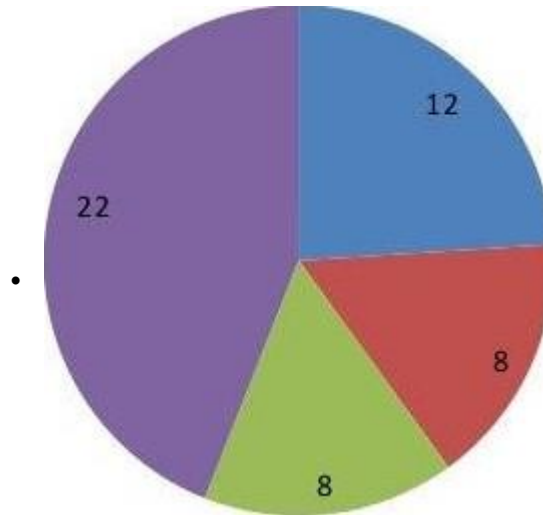
INTERPRETATION

Above Pie Chart Shows that:-

- 48% Investors are usmg Strategy in Derivative Market ➤ 52% Investors are not using Strategy in Derivative Market.

Q.8 Investor's expected rate of return in derivative market:-

Expected Investor's rate of return in derivative market



Don't trade
Less than
5-10%
More than 10%

➤ INTERPRETATION

➤ Above Pie Chart Shows that:-

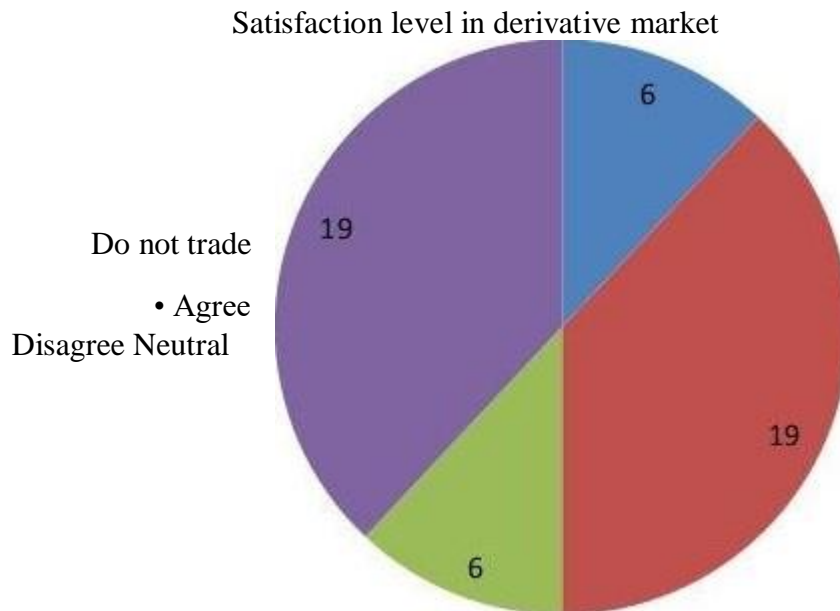
➤ ➤ 24% Investors are Don't Trade

➤ ➤ 16% Investors are Expected rate of return less than 5% ➤ ➤ 16% Investors are

Expected rate of return less than 5-10%

➤ ➤ 44% Investors are Expected rate of return more than 10%

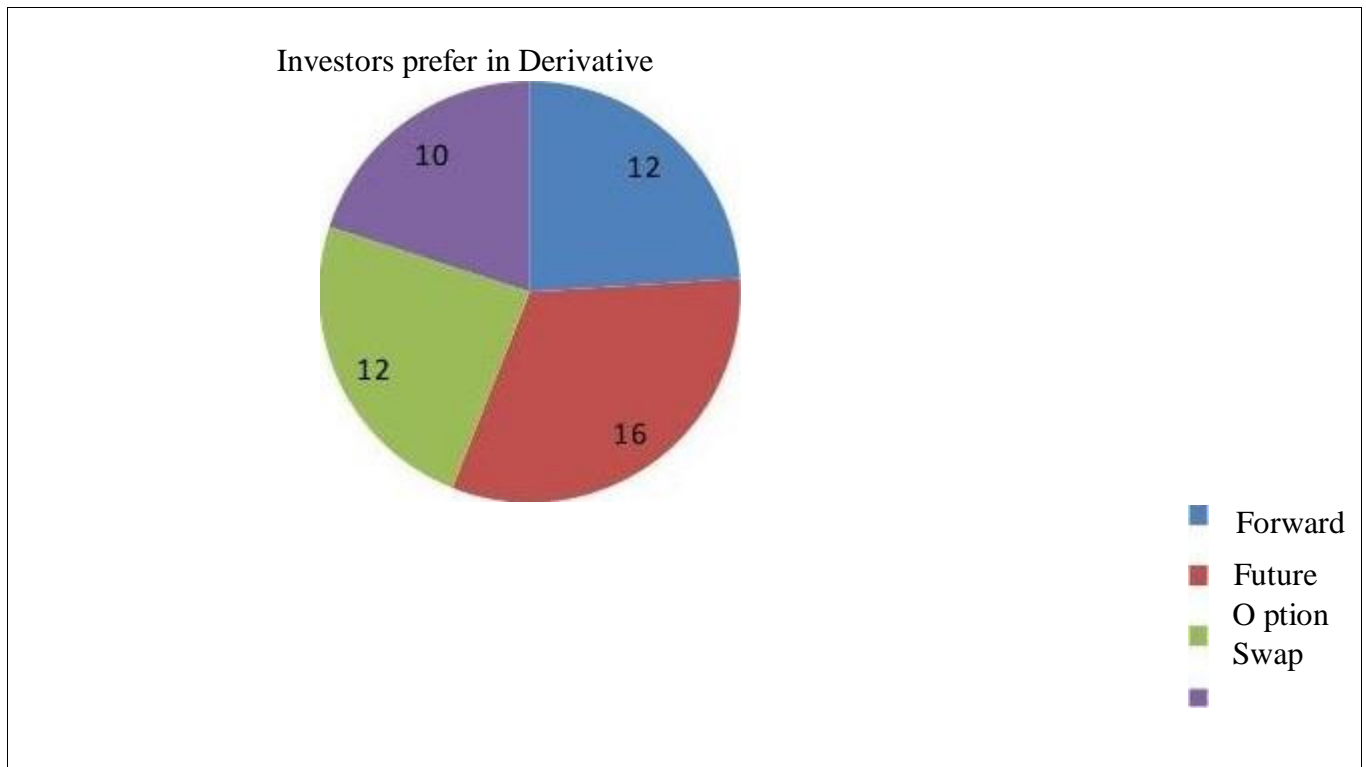
Q.9 Satisfaction level in Denvatwe market:-



INTERPRETATION

Above Pie Chart Shows that:-

- 12% Investors Don't in Derivative Market.
- 38% Investors Satisfaction level in Derivative Market as Agree
- 12% Investors Satisfaction level in Derivative Market as Disagree.
- 38% Investors Satisfaction level in Derivative Market as Neutral.

Q. 10 Investors prefer investment in Derwatlve market**INTERPRETATION**

Above Pie Chart Shows that:-

➤ 24% Investors prefers investment in Forwards.

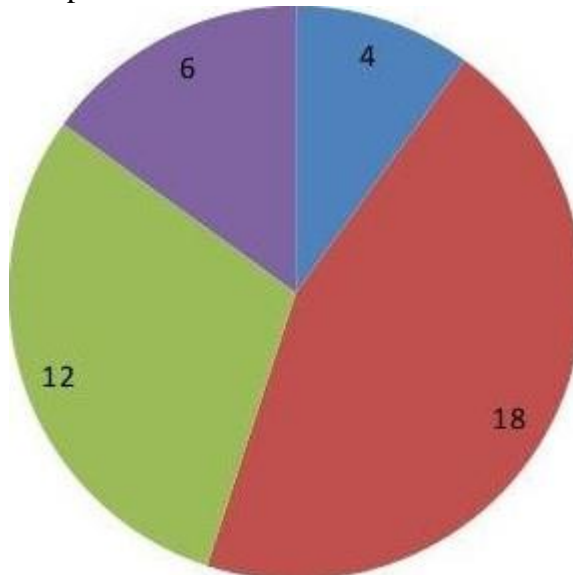
➤ 32% Investors prefers Investment in Futures.

24% Investors prefers investment in Option

➤ 20% Investors prefers investment Swap.

Q. II Experience in Derivative market

Experience in Derivative market



.0t01
• Ito 3
3t06
More than 6

INTERPRETATION

Above Pie Chart Shows that:-

- 8% Investors have Experience in Denvatwe market approx 0-1 year.
- 36% Investors have Experience in Derivative market approx 13 years.

CONCLUSION

➤ Derivatives have existed and evolved over a long with roots in commodities market. In the years advances financial markets and the technology have made derivatives easy for the investors.

➤ Derivatives market in India is growing rapidly equity markets.

Trading in derivatives require more than average understanding of finance. Being new to markets maximum number of investors have not yet understood the full implications of the trading in derivatives. SEBI should take action to create awareness in investors about the derivative market.

➤ Introduction of derivatives implies better risk management. These markets can give greater depth, stability and liquidity to Indian capital markets. Successful risk management with derivatives requires a thorough understanding of principles that govern the pricing of financial derivatives

➤ In order to increase the derivatives market in SEBI should revise some of their regulation like contract, participation of FII in the derivative market. Contract size should be because small investor cannot afford this much of little premiums.

➤ In cash market the profit/loss is limited but where in F& O an investor can enjoy unlimited profits/loss.