

Department of Commerce, UGC SAP DRS II

School of Management

Pondicherry University



2 Days National Seminar on

**Emerging Trends in
Indian Financial Derivatives Markets:
(Commodity / Equity / Currency / Debt)**

Date: 30 & 31, March 2017

Venue: SOM Auditorium

Organised by the

Department of Commerce, UGC-SAP DRS-II

(School of Management),

Pondicherry University

1. Introduction:

The UGC-SAP Department of Commerce (School of Management), Pondicherry University has proposed to organize 2 days National Seminar on "Emerging Trends in Indian Financial Derivatives Markets" in association with market participants. We believe the intellectual dialogue on the developments in Global and Indian Financial Markets is important at the current state of economy and are therefore creating an opportunity for the stakeholders, academicians and researchers on the Financial Derivatives Market, such as Equity Derivatives, Commodity Derivatives, Currency Derivatives and Debt Derivatives to deliberate and discuss these developments with particular reference to Indian Financial Derivative Markets which are at crossroads. The organizers of the conference will request the researchers in various domains of financial markets to make their intellectual contribution, in any of the sub-themes of the seminar hereunder, through submission of research papers and participate in the deliberations of the seminar. The seminar is expected to be addressed by eminent scholars and leading players in the field of Equity, Currency, Commodity and Debt derivative markets and associated areas such as regulation, technology, related financial markets, OTC markets, etc.

2. About the Organizers: Dept. of. Commerce, Pondicherry University

The Pondicherry University was established in 1985 by the Government of India through an Act of Parliament. It is an outstanding institution among central universities in India, with teaching and research as primary functions. The University has several unique features such as to dissemination and promotion of knowledge by providing instructional and research facilities. The campus is located in a sprawling area spread over seven hundred and eighty acres of land facing Bay of Bengal. The University is a member of the Association of Commonwealth Universities and has signed MOU with several foreign Universities and Institutions. A recent survey report by the UGC and the NAAC has ranked the institution as one of the best in the country.

The Department of Commerce is presently assisted by the UGC at DRS-II level of SAP, to carry out research in the field of "Advanced Research in Derivatives and Risk Management" for 5 years and several of the faculty members of the department have undertaken minor and major projects assisted by UGC. The Department offers M.Com (Business Finance), M.Com (Accounting & Taxation), & Ph.D programmes with a total placement focus. The curriculum of the department is attracting the attention of companies which are involved in Banking, Foreign Trade, Capital Market, Stock Broking and Forex Dealings. Continuous research activities are also going on in the department in the above areas. It is a constituent of the School of Management, which is one of the popular Schools of Excellence in the Campus primarily focusing in the business related courses since the very inception of the University. The department has already successfully organized several international and national level seminars and conferences. It has also organized national level conferences and faculty development programmes in the field of Derivatives.

3. Significance of the Seminar:

Financial derivatives, commonly known as derivatives, play indispensable role in the global economy. Derivatives are now a critical part of the global financial markets. The size of the derivatives market, in terms of the number and variety of instruments and the national and traded values, has seen exponential growth in the last few decades. Derivatives have been widely talked about and discussed since 2008 the global financial markets have gone through a period of turmoil and turbulence. There is therefore a need to have a proper understanding and awareness of this field, not just in academia and financial circles, but among a wider audience.

From the realistic standpoint of hedging perspective, financial derivatives especially commodity favour producers to get a time-bound idea of potential future prices which may prevail at a certain time in future and performs two significant functions; price discovery and risk management with reference to the given commodity. Depending upon the idea producers can decide between various competing commodities which can best suit them.

From the financial market view point, we may argue that because of the presence of financial derivatives in the capital market producers can do proper costing and also they can get well prepared to cover their purchased by making forward contracts. Staying in the arena of globalised world, where global economy stirred up by the rattling up sound of financial products, it may also be put forward as a cogent logic the financial derivatives are also very useful to the exporters as it provides an advance indication of the price likely to prevail and thereby help the exporter in quoting a realistic price and thereby secure export contract in a competitive market. From the prevalence of derivative products in the financial market it may also seem that financial derivatives enable exporters to hedge risk through operating in future market.

Equity derivatives, most liquid form of the derivative products in emerging commodity markets, convey different sorts of benefits like many other derivative products. Like other forms of derivative products equity derivatives entail sizable risk which is to be managed. It should also be kept in mind that derivatives on single stocks or equity indices reduce uncertainty about corporate performance, strengthen the liquidity and price discovery in underlying equity markets and also lower the cost of equity listing form firms. From the marketing of derivative products, it seems that equity derivatives are largely exchange-based rather Over-The-Counter Market. Generally speaking, equity derivatives have also flourished on Asian Exchanges and have also witnessed the most rapid growth of all traded products such as foreign exchange, interest rate, equity, commodities and credit derivatives.

Financial Risk is an often overlooked dimension in economic and financial studies, which is a reflection of a more general weakness of the human mind to properly identify and quantify risk. We overestimate **small risks and underestimate large ones and we fail to understand the link** between our own behavior and the risks to which we are exposed and we may never consider our failure to pro-actively manage the risk exposure. One of the duties of the academic community is

to swipe these cobwebs away from people's eyes and make clear that many economic and financial risks are controllable efficiently are relatively at cheaper cost.

In this background, this seminar will make an attempt to create opportunity for academics and market participants to throw light on what for many still may be an obscure area, with a range of interesting themes and sub-themes on the core domains of financial derivatives.

4. Themes of the Seminar:

Debt Derivatives Market:

1. Development and current status of the Credit Default Swap (CDS) market in India.
2. Importance of interest rate risk for the corporate sector in a deregulated interest rate environment
3. Growth prospects for Interest Rate Futures in Indian context
4. Issues in Pricing and Valuation of Credit Derivatives –Role of Information, participant profile and transparency
5. Empirical modeling of default events in debt markets – Its role in Development of CDS markets.
6. Role of Institutions particularly banks in development of debt and debt derivative markets

Commodity Derivatives Market:

1. Problems in price convergence in agricultural / non-agri commodities – Causes, Effects and Remedies
2. Participant objectives in commodity derivative markets Vs Efficient Price Discovery – Do commodity derivatives warrant participation restrictions?
3. Effect of commodity Futures on real economy – Modes of price transmission and stakeholder responses
4. Role of options in price risk management for farmer/producers, corporates and institutions.
5. Cause and effect of index funds on the price discovery process of commodity derivative markets
6. Role and Benefits of Financial Institutions and Banks on Commodity Derivative Markets and their Price Discovery Process

Equity Derivatives Market:

1. Does Equity Derivative instruments reduce uncertainty about expected corporate performance, strengthen liquidity and bring facilitate price discovery in underlying equity markets?
2. Does liquidity, efficient pricing and trading volume facilitate risk mitigation and price discovery in Equity markets?
3. Does integration of global equity derivative markets facilitate greater diversification of investment and transfer risk?
4. Does availability of equity derivative instruments to limit and leverage risk exposures increased market capitalization and liquidity in underlying cash markets?
5. Need for Regulatory changes w.r.t issues concerning excessive risk-taking, evolution of new equity derivative instruments, limited supervisory capacity etc.

Currency Derivatives Market:

1. Case studies on how Currency Futures helped Small and Medium size corporates in mitigating exchange fluctuation risk.
2. Role of exchange-traded currency futures in hedging against currency risk w.r.t to NSE, MSEI etc.
3. Empirical evidence on factors influencing demand and supply of a currency.
4. Need for dynamic currency risk management in the context of globalization, integration of financial markets and increased cross-border flow of goods and services and capital.

5. Participants

The conference is be open to local, regional, and national participants comprising of Students, Researchers, Academicians, Derivative Market Participants and Stakeholders, Exchanges, Regulators, Farmers, Farmers Associations, Exchange Members and Brokers and other Special Interest groups.

Participants Fee:

For Academicians, Research Scholars and Students Rs.500

(DD towards Delegate / Participation fees to be drawn in favour of

“Coordinator, UGC-SAP DRS-II International Conference”, Payable at Puducherry, India

7. Contact Details:

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