



**UGC SAP Department of Commerce
(School of Management),
Pondicherry University, Pondicherry, India**

**Organizes a Two day
Conference on Currency Derivatives
16th and 17th March, 2012**

Call for Papers & Participants

Last date for submission of full paper : 01/03/2012

We are happy to inform that the Department of Commerce, School of Management, Pondicherry University is organizing a two days National Conference on “Currency Derivatives”. We believe the intellectual dialogue on Currency Derivatives important in the present state of global economy is likely to create an opportunity for the stakeholders, academicians and researchers on the Exchange rate determination, Forex Management to deliberate and discuss the developments in the field, which is deserving much importance. Hence we request the interested academicians, stakeholders and economists to make their intellectual contribution, in any of the themes and sub-themes of the conference mentioned hereunder, through submission of papers in the conference.

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 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.

Department of Commerce

The Department is presently assisted by the UGC at DRS-I level under its SAP, to carry out research in the field of “Derivatives and Risk Management” for 5 years and several of the faculty members of the department have undertaken minor and major research projects assisted by UGC. The Department offers M.Com (Business Finance), M.Com (Accounts and Taxation), M.Phil & 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, commodity market 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.

In the series of seminars / conference organized in the area of derivatives trading and risk management in department under its Special Assistance Program, this year the Department is proposing to organize a National Level Conference on the topic Currency Derivatives and Risk Management in its 3rd year of its activity.

Currency Derivatives:

The Forex Market of a country provide the mechanism for exchanging different currencies with one another, and thus facilitating trade in goods and services between countries and flow of investment (capital). With the globalization of the economy and the consequent growth in international trade, there has been increasing transaction in foreign currencies over the last two decades. Growth of information and communication technology and increasing dissemination of information had increased the risk faced by stakeholders in such transactions.

Since the exchange rates fluctuate as per the economic fundamentals the business houses which are involved in international trade and investment are exposed to the risk of **Forex fluctuations**. Along with the exports and imports, the value of the assets and liability or cash plans of the firms which are denominated in foreign currencies also undergo a change in their valuation over the period of time limiting their valuation and hence their ability to raise further risky capital from market. As the Fixed Exchange Rate system gave way to floating exchange rates with the shelving of the ‘Gold Standard’, currency risks had become substantial for many a business firms directly and indirectly connected to the global economic performance and the country’s currency performance. As a result, these firms are increasingly turning to various risk mitigation mechanisms such as participation in **Foreign Currency Forwards, Foreign Currency Futures, Foreign Currency Options and Foreign Currency Swaps**.

The Currency futures were first created at the Chicago Mercantile Exchange (CME) in 1972. As the concept of currency futures at Chicago Mercantile Exchange (CME) was a novel one and gained credibility with the endorsement of Nobel Prize winning economist Milton Friedman, Today Chicago Mercantile Exchange (CME), a Multi asset class trading, platform offers 41 individual Forex futures and 31 option contracts in 19 currencies.

With the liberalization of the Indian economy, it has resulted in substantial inflow of foreign capital into India bringing along with it the associated risks. The simultaneous dismantling of trade barriers has facilitated the integration of domestic economy with that of the global economy. With the globalization of economy and relatively free movement of financial assets, the need for effective risk management opportunities made easily accessible and widely participated currency derivative products on electronic platforms has become a necessity in India also.

The first step towards the introduction of derivatives trading in India was the promulgation of the securities laws (amendment) ordinance 1995, which withdrew the prohibition of options in securities. SEBI set up a 24 member committee under chairmanship of Dr.L.C.Gupta on November 18th 1996 to develop appropriate regulatory frame work for derivatives trading in India. The committee recommended that the derivatives should be declared as 'securities' so that the regulatory frame work applicable to trading of securities could also be applicable to trading in derivatives. To begin with SEBI approved trading in Indian index futures contracts based on S&P, CNP, NIFTY and BSE-30 (SENSEX) index. The trading on options in stock markets commenced in June 2001 and the trading in options in individual securities commenced in July 2001. Futures contracts on individual securities commenced from November 2001.

Development of Currency Derivatives trading in India

The economic liberalization of the early nineties provided the impetus for the introduction of Foreign exchange derivatives / Currency Derivatives. The developments in the **Indian Foreign Exchange Derivatives Market** is in the direction of the gradual reform process of the Indian financial markets. RBI and SEBI jointly constituted a standing technical committee to analyze the currency market around the world and lay down the guidelines to introduce exchange traded currency futures in the Indian market. As on today, the Indian currency market trades with all major currencies like US dollar, Euro, Japanese yen, and UK's Pound sterling.

The Issues to be discussed and deliberated are:

Despite India's robust economic performance, its currency in the recent times had hit a new low. In addition, the recent global economic events had made currency markets much volatile making those businesses dependent on international trade and investments vulnerable to unexpected currency movements.

Therefore there is a need to discuss and deliberate on

- a) The causes of declining rupee and to deliberate upon the effectiveness of the exchange traded currency futures for the stake holders of Indian economy and
- b) Policy tools to make them further efficient and cost-effective in terms of participation for risk management by the Indian business.

The sub themes to be discussed / deliberated in the conference / seminar may include:

- Causes and effects of currency volatility on Indian Economy.
- Various currency markets and their efficiency – Exchange Rate formation and its effectiveness.
- Relationship between the exchanges traded Currency Futures Markets, OTC, and NDF forward markets for INR.
- Effectiveness of various markets in terms of currency risk mitigation – Tools to internalize currency risk management as part of the business for Indian Firms.
- Comparative analysis of currency futures markets – Indian Vs Global – product, participants, regulation, policy tools, etc.
- Convergence of spot and futures markets.
- Economic benefits of currency futures markets.

(The Themes stated above are only indicators of expected research papers and papers beyond the themes stated above will also be taken up for consideration provided they deal with contemporary issues in Currency Derivatives market and impart new dimension in research in the area of Currency Derivatives and Risk Management)

Submission of Papers:

The *last date for submission of full paper with abstract is 1st March, 2012.* The paper should be sent in electronic format (word document) to *puugcsap@gmail.com*. Paper submitted after this deadline will not be considered for the Conference. Two copies of the full paper, (one hard copy and one soft copy) not exceeding 20 pages should be submitted in A4 size, MS Word format, Times New Roman Font with heading in Font size 14 and the remaining text of the font size 12 with 1.5 line spacing, so as to reach the organizers in time.

Publication and Award:

Outstanding research contributions will be awarded prize at the Conference and only selected papers will be taken up for publication.

Registration fees:

For Academicians, Research Scholars and Students from India Rs. 500
For others Rs.1000

Kit will be provided only to the registered participants

For Participants, Academicians, Research Scholars & Students Outside India USD.100

(DD towards Delegate / Participation fees to be drawn in favour of
“Coordinator, UGC-SAP Dept of Commerce”, Payable at Puducherry, India

Accommodation & Transport Facilities

The participation fees will cover food and conference materials. Regarding the accommodation facilities for the participants, the organizers make a list of affordable hotels where the accommodation can be availed at the expense of participants. The organizers will be obliged to make advance room bookings, at the request of interested participants with an additional cost of Rs.500 for doubles room at Pondicherry. Transport facilities to and from place of stay at Pondicherry will be provided by the organizers.

Experts Associated with the Conference

Prof.Samson Moharana, Utkal University, Bhubaneshwar.

Prof.K.V.Bhanumurthy, Delhi University South Campus

Prof.Mallikarjunappa, Mangalore University

Dr.V.Shunmugam, Chief Economist, MCX - SX, Mumbai

Dr.Jessiah Selvam, Director, IASMS, Bangalore.

Prof.Prabina Rajib, IIT, Kharagpur

Organising Committee:**Patron:**

Padmashree Prof.J.A.K.Tareen, Vice-Chancellor

Shri.S.Loganathan, Registrar, Pondicherry University

Chairman:

Prof.M.Ramdass, Ex.MP, Director of Studies, Educational Innovation and Rural Reconstruction and Dean, School of Management, Pondicherry University

Conference Organisers:

Prof.P.Palanichamy, Coordinator, UGC SAP DRS-I, Dept of Commerce

Prof.P.Natarajan, Dy.Coordinator, UGC SAP DRS-I, Dept of Commerce

Coordinator – Dr.Malabika Deo, Head; Dept of Commerce.

Executive Members:

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