

<b>Program: Bachelor of Commerce (Economics)</b>				Semester II	
Course : Derivatives Market				Code:	
Academic Year: 2023-24					
Batch: 2023-27					
Teaching Scheme			Evaluation Scheme		
Lecture	Practical	Tutorial	Credits	Theory	
				Internal	External
30	-	-	02	20 marks	30 marks
Learning Objectives					
Acquire knowledge of how forward contracts, futures contracts, swaps and options work, how they are used and how they are priced. Have a good understanding of derivative securities					
Learning Outcomes					
Students will understand the different types of derivative instruments their features & importance					
Students will understand how to hedge a position, to increase leverage, or to speculate on an asset's movement by using future contracts, forward contracts, options					
Students will understand the importance of options , options Greeks					
Students should understand the trading and clearing mechanism					
Pedagogy					
Lecture method, Debates, Group Discussions, Group activities, using excel to calculate option pricing, exploring websites to calculate margin money blocked in different strategies					
Detailed Syllabus Plan					
Module	Module Content	Module wise Pedagogy Used	Duration of Module	Reference Book	
I	<b>Introduction to Derivatives</b> ② Definition – Types- Participants and Functions- Development of Exchange	Lecture method, Debates, Group	10 lectures	② FINANCIAL DERIVATIVES THEORY, CONCEPTS AND PROBLEMS	

	traded derivatives- Global derivatives markets- Exchange traded vs OTC derivatives markets- Derivatives trading in India	Discussions, Group activities.		Gupta S.L., PHI, Delhi [?] FINANCIAL DERIVATIVES: S S S Kumar: [?] DERIVATIVES and Risk Management Basics, Cengage Learning, Delhi. Stulz M. Rene, [?] RISK MANAGEMENT & DERIVATIVES, Cengage Learning, New Delhi. [?] Fundamentals of Financial Derivatives : Prafulla Kumar Swain : Himalaya Publishing
II	<b>Futures and options- introduction</b>  Futures: Introduction- Future terminology- Key features of futures contracts- Future vs. Forwards- Pay off for futures- Equity futures- Equity futures in India- Index futures- Stock futures- Future trading strategies Hedging- Speculation- Arbitrage- Spread trading. • Options: Introduction- Option terminology- Types- Options pay off- Options trading strategies- Hedging- Speculation- Arbitrage- Straddle- Strangles- Strips and Straps – Spread trading	Lecture method, Debates, Group Discussions, Group activities, Role play,	10 lectures	
III	<b>Trading Clearing and Settlement of Options and Futures</b>  Futures and Options trading system - contract specification- specification for stock and index eligibility for trading charges [?] Clearing entities and their role- clearing mechanism - open position calculation [?] Margining and settlement mechanism- Risk management- SPAN – Mechanics of SPAN- Overall portfolio margin requirements.	Lecture method, Discussions, Class activities, Written assignments	10 lectures	

### Reference Books:

Commodities Market Module, Workbook from NSE o Chatnani, (2010),

Commodity Markets, 1st edition, Tata McGraw Hill.

Kleinman, George, (2001), Commodity Futures & Options, 2nd (revised, illustrated edition),

Prentice Hall. o Stephens, John. (2001), Managing Commodity Risk, John Wiley & Sons.

Commodity Derivatives, Macmillan India Ltd

### Evaluation Pattern

**The performance of the learner will be evaluated for 50 marks in two components. The first component will be a Continuous Assessment with a weightage of 40% of total marks per course. The second component will be a Semester end Examination with a weightage of 60% of the total marks per course. The allocation of marks for the Continuous Assessment and Semester end Examinations is as shown below:**

#### a) Details of Continuous Assessment (CA)

**40% of the total marks per course:**

<b>Continuous Assessment</b>	<b>Details</b>	<b>Marks</b>
<b>Component 1 (CA-1)</b>	Class Test Mean score of two class tests of 10 marks	10
<b>Component 2 (CA-2)</b>	Assignment	10

#### b) Details of Semester End Examination

**60% of the total marks per course. Duration of examination will be of one hour.**

**SEMESTER END ASSESSMENT: 30 MARKS**

**DURATION: 1 HOUR**

#### **Question Paper Pattern (Semester –end Examination)**

All questions are compulsory

Q. No.	Particulars	Marks
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Q.1.	A) Answer in brief OR B) Answer in brief	8
Q.2.	A) Answer in brief OR B) Answer in brief	8
Q.3.	A) Answer in brief OR B) Answer in brief	8
Q.4.	Read the following Case Study and answer the questions that follow.	6