

A STUDY ON INVESTORS AWARENESS TOWARDS FINANCIAL DERIVATIVES FUTURES AND OPTIONS IN DHANAVRUKSHA FINANCIAL SERVICES PVT LTD

Submitted in partial fulfillment of the requirements for the award of

MASTER OF BUSINESS ADMINISTRATION

by

PRAVEEN KUMAR S

Register No.41410232



SCHOOL OF MANAGEMENT STUDIES

SATHYABAMA

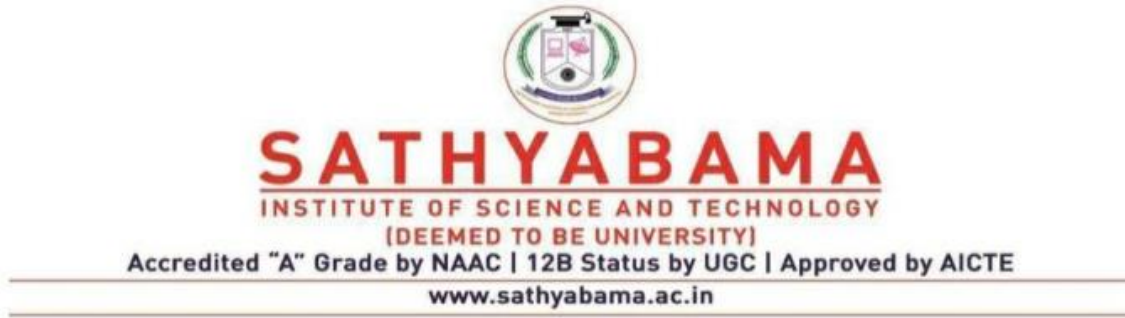
INSTITUTE OF SCIENCE AND TECHNOLOGY

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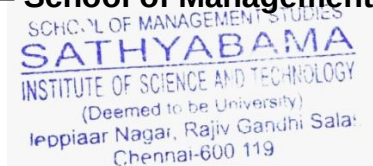
BONAFIDE CERTIFICATE

This is to certify that this Project Report is the Bonafide work of **PRAVEEN KUMAR S 41410232** who carried out the project entitled " **A STUDY ON INVESTORS AWARENESS TOWARDS FINANCIAL DERIVATIVES FUTURES AND OPTIONS** " under my supervision from January 2023 to February 2023.

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Internal guide

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Submitted for Viva voce Examination held on 05/05/2023

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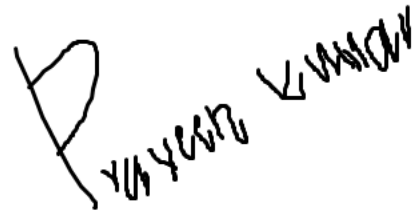
External Examiner

DECLARATION

I **PRAVEEN KUMAR S (41410232)** hereby declare that the Project Report entitled "**A STUDY ON INVESTORS AWARENESS TOWARDS FINANCIAL DERIVATIVES FUTURES AND OPTIONS**" done by me under the guidance of **DR.K.SASIREKHA** is submitted in partial fulfillment of the requirements for the award of Master of Business Administration degree.

DATE: 05/05/2023

PLACE: CHENNAI

A handwritten signature in black ink, appearing to read 'Praveen Kumar S', written diagonally across the page.

PRAVEEN KUMAR S

ACKNOWLEDGEMENT

I am pleased to acknowledge my sincere thanks to Board of Management of **SATHYABAMA INSTITUTE OF SCIENCE AND TECHNOLOGY** for their kind encouragement in doing this project and for completing it successfully. I am grateful to them.

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PRAVEEN KUMAR S

TABLE OF CONTENTS

CHAPTER NO.	TITLE	PAGE NO.
	ABSTRACT	(I)
	LIST OF TABLES	(II)
	LIST OF CHARTS	(III)
	INTRODUCTION	
	1.1.Importance of the study	13-16
	4.1 Industry Profile	17
1	4.2 Company Profile	17-26
	4.3 Statement of the problem	26
	4.4 Objectives of the study	27
	4.5 Need for the study	27
	4.6 Scope of the study	28
2	REVIEW OF LITERATURE	
	2.1.Introduction	28-35
	RESEARCH METHODOLOGY	
	3.1Methodology	36
	3.2.Research Design	36
	3.3.Sample Design	37
	3.4.Data Collection Method	37

	3.5.Questionnaire Design	38
	3.6.Types Of Questions	38-39
3	3.7.Sampling Frame	39
	3.8.Sample Size	40
	3.9.Population	40
	3.10.Hypothesis	40
	3.11.Tools For Analysis	40-41
	DATA ANALYSIS AND INTERPRETATION	
	4.1.Percentage Analysis	42-66
4	4.2.Chi-Square Analysis	67-74
	4.3 One Way Anova	75-77
	4.4.Karl Pearson's Correlation	78-79
	FINDINGS,SUGGESTIONS,CONCLUSION	
	5.1. Findings of the Study	80-81
5	5.2.Suggestions	81-82
	5.3.Limitations of the study	82
	5.4 Conclusion	83
	ANNEXURE 1 - BIBLIOGRAPHY	
	ANNEXURE 2-QUESTIONNAIRE	

ABSTRACT

The derivatives market is the financial market for derivatives, financial instruments like futures contracts or options, which are derived from other forms of assets. The market can be divided into two, that for exchange-traded derivatives and that for over-the-counter derivatives. The legal nature of these products is very different as well as the way they are traded, though many market participants are active in both.

This study would help in explaining the investor's perception of risk & return & their preference for Dhanavruksha Financial Services Pvt Ltd Financial Derivatives Futures and option. All this would help in giving suggestions to strengthen the marketing efforts of Dhanavruksha Financial Services Pvt Ltd and expand their business.

The Primary objective of the study is to assess the investor's perception towards the Dhanavruksha Financial Services Pvt Ltd Financial derivatives future and option. The other objectives are to know investors perception of risk & return & their preference towards Dhanavruksha Financial Services Pvt Ltd Financial derivatives future and option. To understand whether Dhanavruksha Financial Services Pvt Ltd Financial Derivatives fulfill the investor's objective of maximizing the return from the investment and to assess influencing factor and the strategies used for investing in Dhanavruksha Financial Services Pvt Ltd Financial Derivatives Futures and option.

Multiple choice questions have been chosen to collect the responses from 150 customers. Convenience sampling method has used in the research work. Percentage analysis has been used to interpret the collected data. The data collected has been analyzed through various statistical tools like Karl Pearson's Correlation, Chi- square test and One-way Anova test. Numerous new findings has been derived from this research has helped to provide valuable suggestions to improve the investments in Dhanavruksha Financial Services Pvt Ltd Financial derivatives future and option

LIST OF TABLE

SLNO	CONTENTS	PAGE NO.
1	AGE OF THE RESPONDENTS	42
2	GENDER OF THE RESPONDENTS	43
3	EDUCATION QUALIFICATION OF THE RESPONDENTS	44
4	OCCUPATION OF THE RESPONDENTS	45
5	MONTHLY INCOME OF THE RESPONDENTS	46
6	EMPLOYEES AWARENESS ABOUT DHANAVRUKSHA FINANCIAL SERVICES PVT LTD FINANCIAL DERIVATIVES FUTURE AND OPTION	47
7	UNDERGONE ANY TRAINING IN DERIVATIVES FROM NSE, BSE OR BROKING FIRMS BEFORE STARTING TRADING IN EQUITY DERIVATIVES	48
8	EMPLOYEES EXPERIENCE IN EQUITY DERIVATIVES MARKET	49
9	EMPLOYEES PERIODICITY OF CONTRACTS DO YOU NORMALLY PREFER TO INVEST	50
10	DHANAVRUKSHA FINANCIAL SERVICES PVT LTD FINANCIAL DERIVATIVES FUTURE AND OPTION ARE A GREAT WAY TO LET YOUR MONEY GROW	51
11	EMPLOYEES MOST PREFERRED TRADING ACTIVITY IN THE EQUITY DERIVATIVES SEGMENT	53
12	EMPLOYEES INVEST IN WHICH DERIVATIVES	54

	MARKETS	
13	EMPLOYEES RISK PERCEPTION ABOUT DHANAVRUKSHA FINANCIAL SERVICES PVT LTD FINANCIAL DERIVATIVES FUTURE AND OPTION	55
14	EMPLOYEES RISK IS MOST CONCERN IN THE EQUITY DERIVATIVE MARKET TO YOU TODAY	56
15	MARKET IS RIPE NOW FOR OTHER COMPLEX PRODUCTS IN DERIVATIVES	58
16	INFLUENCED TO INVEST IN DHANAVRUKSHA FINANCIAL SERVICES PVT LTD FINANCIAL DERIVATIVES FUTURES AND OPTION	59
17	DHANAVRUKSHA FINANCIAL SERVICES PVT LTD FINANCIAL DERIVATIVES FULFILL YOUR OBJECTIVE OF MAXIMIZING THE RETURN FROM THE INVESTMENT	60
18	EMPLOYEES THINK ABOUT THE GROWTH OF THE TRADING IN DHANAVRUKSHA FINANCIAL SERVICES PVT LTD EQUITY DERIVATIVES FUTURES AND OPTION SEGMENT IN INDIA	61
19	MINIMUM CONTRACT SIZE VALUE IS RS. 2 LACS. EMPLOYEES THERE SHOULD BE REDUCTION IN CONTRACT SIZE FOR STOCK AND INDEX DERIVATIVES CONTRACTS TO GET LARGER PARTICIPATION	63
20	BOTH THE EXCHANGES SHOULD START THE PHYSICAL DELIVERY SETTLEMENT FOR	65

	DHANAVRUKSHA FINANCIAL SERVICES PVT LTD EQUITY DERIVATIVES	
--	--	--

LIST OF CHARTS

SLNO	CONTENTS	PAGE NO.
1	AGE OF THE RESPONDENTS	42
2	GENDER OF THE RESPONDENTS	43
3	EDUCATION QUALIFICATION OF THE RESPONDENTS	44
4	OCCUPATION OF THE RESPONDENTS	45
5	MONTHLY INCOME OF THE RESPONDENTS	46
6	EMPLOYEES AWARENESS ABOUT DHANAVRUKSHA FINANCIAL SERVICES PVT LTD FINANCIAL DERIVATIVES FUTURE AND OPTION	47
7	UNDERGONE ANY TRAINING IN DERIVATIVES FROM NSE, BSE OR BROKING FIRMS BEFORE STARTING TRADING IN EQUITY DERIVATIVES	48
8	EMPLOYEES EXPERIENCE IN EQUITY DERIVATIVES MARKET	49
9	EMPLOYEES PERIODICITY OF CONTRACTS DO YOU NORMALLY PREFER TO INVEST	50
10	DHANAVRUKSHA FINANCIAL SERVICES PVT LTD FINANCIAL DERIVATIVES FUTURE AND OPTION ARE A GREAT WAY TO LET YOUR	52

	MONEY GROW	
11	EMPLOYEES MOST PREFERRED TRADING ACTIVITY IN THE EQUITY DERIVATIVES SEGMENT	53
12	EMPLOYEES INVEST IN WHICH DERIVATIVES MARKETS	54
13	EMPLOYEES RISK PERCEPTION ABOUT DHANAVRUKSHA FINANCIAL SERVICES PVT LTD FINANCIAL DERIVATIVES FUTURE AND OPTION	55
14	EMPLOYEES RISK IS MOST CONCERN IN THE EQUITY DERIVATIVE MARKET TO YOU TODAY	57
15	MARKET IS RIPE NOW FOR OTHER COMPLEX PRODUCTS IN DERIVATIVES	58
16	INFLUENCED TO INVEST IN DHANAVRUKSHA FINANCIAL SERVICES PVT LTD FINANCIAL DERIVATIVES FUTURES AND OPTION	59
17	DHANAVRUKSHA FINANCIAL SERVICES PVT LTD FINANCIAL DERIVATIVES FULFILL YOUR OBJECTIVE OF MAXIMIZING THE RETURN FROM THE INVESTMENT	60
18	EMPLOYEES THINK ABOUT THE GROWTH OF THE TRADING IN DHANAVRUKSHA FINANCIAL SERVICES PVT LTD EQUITY DERIVATIVES FUTURES AND OPTION SEGMENT IN INDIA	62
19	MINIMUM CONTRACT SIZE VALUE IS RS. 2 LACS. EMPLOYEES THERE SHOULD BE	64

	REDUCTION IN CONTRACT SIZE FOR STOCK AND INDEX DERIVATIVES CONTRACTS TO GET LARGER PARTICIPATION	
20	BOTH THE EXCHANGES SHOULD START THE PHYSICAL DELIVERY SETTLEMENT FOR DHANAVRUKSHA FINANCIAL SERVICES PVT LTD EQUITY DERIVATIVES	66

CHAPTER 1 - INTRODUCTION

In finance, a **derivative** is a contract that *derives* its value from the performance of an underlying entity. This underlying entity can be an asset, index, or interest rate, and is often called the "underlying". Derivatives can be used for a number of purposes - including insuring against price movements (hedging), increasing exposure to price movements for speculation or getting access to otherwise hard to trade assets or markets. Some of the more common derivatives include forwards, futures and variations of these such as collateralized debt obligations, and mortgage backed securities. Most derivatives are traded over-the-counter (off-exchange) or on an exchange such as the Chicago Mercantile Exchange, while most insurance contracts have developed into a separate industry. Derivatives are one of the three main categories of financial instruments, the other two being equities (i.e. stocks or shares) and debt (i.e. bonds and mortgages).

A **collateralised debt obligation (CDO)** is a type of structured asset-backed security (ABS). Originally developed for the corporate debt markets, over time CDOs evolved to encompass the mortgage and mortgage-backed security ("MBS") markets. Like other private label securities backed by assets, a CDO can be thought of as a promise to pay investors in a prescribed sequence, based on the cash flow the CDO collects from the pool of bonds or other assets it owns. The CDO is "sliced" into "tranches", which "catch" the cash flow of interest and principal payments in sequence based on seniority.^[6] If some loans default and the cash collected by the CDO is insufficient to pay all of its investors, those in the lowest, most "junior" tranches suffer losses first. The last to lose payment from default are the safest, most senior tranches. Consequently coupon payments (and interest rates) vary by tranche with the safest/most senior tranches paying the lowest and the lowest tranches paying the highest rates to compensate for higher default risk. As an example, a CDO might issue the following tranches in order of safeness: Senior AAA (sometimes known as "super senior"); Junior AAA; AA; A; BBB; Residual. Separate special purpose

entities—rather than the parent investment bank—issue the CDOs and pay interest to investors. As CDOs developed, some sponsors repackaged tranches into yet another iteration, known as "CDO-squared" or "CDOs of CDOs." In the early 2000s, CDOs were generally diversified, but by 2006–2007—when the CDO market grew to \$100s of billions—this changed. CDO collateral became dominated not by loans, but by lower level (BBB or A) tranches recycled from other asset-backed securities, whose assets were usually non-prime mortgages. These CDOs have been called "the engine that powered the mortgage supply chain" for nonprime mortgages and are credited with giving lenders greater incentive to make non-prime loans leading up to the 2007-9 subprime mortgage crisis.

I. **Futures**

In finance a **futures,contract** (more colloquially, **futures**) is a standardized contract between two parties to buy or sell a specified asset of standardized quantity and quality for a price agreed upon today (the *futures price*) with delivery and payment occurring at a specified future date, the *delivery date*, making it a derivative product (i.e. a financial product that is derived from an underlying asset). The contracts are negotiated at a futures exchange, which acts as an intermediary between buyer and seller. The party agreeing to buy the underlying asset in the future, the "buyer" of the contract, is said to be "long", and the party agreeing to sell the asset in the future, the "seller" of the contract, is said to be "short" While the futures contract specifies a trade taking place in the future, the purpose of the futures exchange is to act as intermediary and mitigate the risk of default by either party in the intervening period. For this reason, the futures exchange requires both parties to put up an initial amount of cash (performance bond), the margin. Margins, sometimes set as a percentage of the value of the futures contract needs to be proportionally maintained at all times during the life of the contract to underpin this mitigation because the price of the contract will vary in keeping with supply and demand and will change daily and thus one party or the other will theoretically be making or losing money. To

mitigate risk and the possibility of default by either party, the product is marked to market on a daily basis whereby the difference between the prior agreed-upon price and the actual daily futures price is settled on a daily basis. This is sometimes known as the variation margin where the Futures Exchange will draw money out of the losing party's margin account and put it into the other party's thus ensuring that the correct daily loss or profit is reflected in the respective account. If the margin account goes below a certain value set by the Exchange, then a margin call is made and the account owner must replenish the margin account. This process is known as *marking to market*. Thus on the delivery date, the amount exchanged is not the specified price on the contract but the spot value (i.e. the original value agreed upon, since any gain or loss has already been previously settled by marking to market). Upon marketing the strike price is often reached and creates lots of income for the "caller." A closely related contract is a forward contract. A forward is like futures in that it specifies the exchange of goods for a specified price at a specified future date. However, a forward is not traded on an exchange and thus does not have the interim partial payments due to marking to market. Nor is the contract standardized, as on the exchange. Unlike an option, both parties of a futures contract must fulfill the contract on the delivery date. The seller delivers the underlying asset to the buyer, or, if it is a cash-settled futures contract, then cash is transferred from the futures trader who sustained a loss to the one who made a profit. To exit the commitment prior to the settlement date, the holder of a futures position can close out its contract obligations by taking the opposite position on another futures contract on the same asset and settlement date. The difference in futures prices is then a profit or loss.

II.Options

In finance, an **option** is a contract which gives the *buyer* (the owner) the right, but not the obligation, to buy or sell an underlying asset or instrument at a specified strike price on or before a specified date. The *seller* has the corresponding obligation to fulfill the transaction – that is to sell or buy – if the

buyer (owner) "exercises" the option. The buyer pays a *premium* to the seller for this right. An option which conveys to the owner the right to *buy* something at a specific price is referred to as a **call**; an option which conveys the right of the owner to *sell* something at a specific price is referred to as a **put**. Both are commonly traded, but for clarity, the call option is more frequently discussed. Options valuation is a topic of ongoing research in academic and practical finance. In basic terms, the value of an option is commonly decomposed into two parts:

- The first part is the **intrinsic value**, which is defined as the difference between the market value of the underlying and the strike price of the given option.
- The second part is the **time value**, which depends on a set of other factors which, through a multi-variable, non-linear interrelationship, reflect the discounted expected value of that difference at expiration.

Although options valuation has been studied at least since the nineteenth century, the contemporary approach is based on the Black–Scholes model which was first published in 1973. Options contracts have been known for many centuries, however both trading activity and academic interest increased when, as from 1973, options were issued with standardized terms and traded through a guaranteed clearing house at the Chicago Board Options Exchange. Today many options are created in a standardized form and traded through clearing houses on regulated options exchanges, while other over-the-counter options are written as bilateral, customized contracts between a single buyer and seller, one or both of which may be a dealer or market-maker. Options are part of a larger class of financial instruments known as derivative products, or simply, derivatives.

1.2. INDUSTRY PROFILE

Dhana- (Money), Vruksha(Tree) – Vision of founders is to nurture & grow wealth for investors at various life stages, through quality advice and curated research, handholding throughout the wealth creation journey by periodic and intense portfolio reviews ensuring ideal asset allocation to meet their financial goals.

In an era of constantly changing and dynamic Financial Markets, Investors need Seasoned/ Qualified / Trained and Unbiased professionals to help them in achieving their short term and long term financial goals.

Our core team has over 10 decades of experience in dealing with financial products. In addition to this we also have an expert panel of advisors who empower us with their rich knowledge and experience. We offer customised in-person guidance coupled with technology-enabled services for our clients to effectively transact and monitor their investments and help them make their dreams a reality. We focus on being the most reliable, prompt and efficient provider of investment.

1.3. COMPANY PROFILE

Dhanavruksha Financial Services Pvt Ltd are one of growing financial institutions, offering complete financial solutions that encompass every sphere of life. From stock broking, to mutual funds, to life insurance, to investment banking, the group caters to the financial needs of individuals and corporates. The group has employs around 100 employees across its various businesses, servicing around 400 customer accounts through a distribution network of 2 branches. Their 7 years of existence offering investment products across asset classes with varying risk parameters that cater to needs of various customer segments, have enabled us to garner trust of over 340 investors.

DHANA VRUKSHA is committed to provide its customer with best innovative stock trading system at the affordable price, they believe in quality service, accuracy of their software for their Successful trading in the present competitive market.

They strongly believe in applying Knowledge of technical analysis with use of technology. Drives them to unlimited success 90% of the traders strongly follow their instincts and lose their harden money giving their Money to someone.

Tracking your Portfolio: -

Just investing money is not enough, you have to monitor your portfolio to ensure you money works as hard as you to build a robust financial portfolio. You can use our portfolio tracker to monitor your entire financial portfolio, which encompasses various asset classes. You can also make a watchlist of stocks and enrol for SMS alerts, which will help you track the markets closer to make a timely investment decision.

Transparency: -

We empower you to take the right decisions and handle your own portfolio. Backed by our trusted pedigree, it is our constant endeavour to provide services in a transparent manner. We believe in offering high quality investment services in a cost effective manner to achieve your financial goals

VISION:

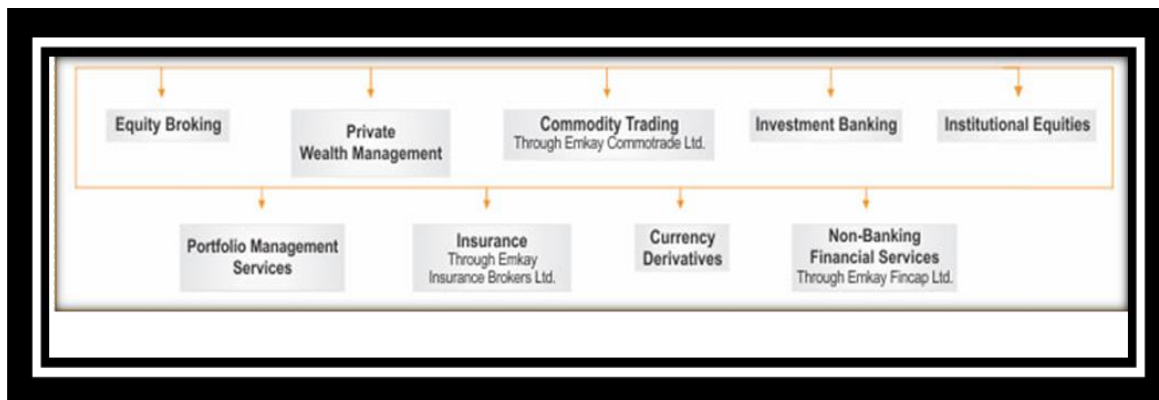
Their vision is to be a responsible player in the Indian mutual fund space. The company strive hard to deliver consistent performance over the benchmark across all their products, thereby creating customer satisfaction.

CORPORATE PHILOSOPHY

We have always believed that your success is our success. It's the only truth of every business. And we have built our foundation around this philosophy. Every endeavor at SUNSHARE is to ensure success - success of its clients, employees, partners, investors and of the society at large. And we have been doing this since 2008

We consider ourselves as a Services & Solutions company and not a financial product disseminator. We understand that needs differ, and hence, no one size fits all. Our ultimate aim is to delight the people, whose lives we touch and every fraction of our existence works towards achieving this, every single second.

CORPORATE STRUTURE



PRODUCTS AND SERVICES:

1. Online share trading
2. Real Estate Advisor
3. Asset Management
4. Insurance
5. Wealth Management
6. Investment Banking
7. National Products Distribution

PRODUCTS:

ONLINE SHARE TRADING:

The online trading website provides the customers a seamless internet trading experience through its various useful features such as streaming stock quotes, online payment gateways, portfolio tracker, extensive research reports, online IPO, live market news & real time market statistics. The customers can find all their relevant account and trading details online and make a more informed decision for profitable trading.

Tips to Investors

Picking Stocks

Picking stocks is all about finding opportunities. This is where most inexperienced traders fail because they go and look for stocks of well-known companies that they think they should trade. The reality is that big name stocks like Apple or Google or IBM offer very little opportunity to the individual trader (although it could under certain circumstances). A good opportunity is a stock that has big potential for growth. Often these are companies in whole new industries – companies that you've never even heard of before.

Knowing When To Buy

Once you've found a good stock pick, you need to know when to enter the trade. It's simple: you need to buy the share at the lowest possible price to maximize your profit. If you enter the trade too soon you might pay too much. If you enter the trade too late it might be too expensive. Great traders are very skilled at reading stock signals and evaluating when to buy a stock.

Knowing When To Sell

Knowing when to sell is probably the most important part of being successful at trading shares online. If you sell too soon you will miss out on potential profits. If you sell too late you might lose money. One of the biggest mistakes I see novice

traders make is that they hold on to a stock “hoping” that it will go back up so they can recoup their losses. Not only does this lock up your trading capital but it is sure to give you some sleepless night.

With the advent of so-called “artificial intelligence” trading software, this process has been automated to a large extent. To make informed decisions on whether a stock is a good opportunity and deciding when to buy and when to sell requires a lot of research and interpreting a lot of graphs and data.

Artificial intelligence software like Stock Assault can interpret a lot of data for you and make a much more informed decision that you will ever be able to make through “manual” work. Off course you cannot afford to hand over your money to a trading robot, but it sure does give you a big helping hand in making good trading decisions.

MUTUAL FUND:

Investment in mutual funds offers the following advantages:-

- **Diversification of portfolio:** Since mutual funds invest in a bouquet of instruments, they offer an effective means of diversification for the investor.
- **Professional management:** Mutual funds are an excellent means of investment for people who do not have the time or the expertise to study the markets in depth before making investment decisions. The funds are generally managed by well-qualified fund managers, and it is always prudent to check the fund manager’s background before investing in a fund.
- **Low cost:** A mutual fund unit is much less expensive than the individual stocks in which the fund has invested. Thus, with a given amount of money, an investor can buy more number of units of mutual funds than individual stocks.
- **Tax Benefits:** Investment in mutual funds offers several tax benefits. For example, dividends received through mutual funds are exempt from tax, while investment in certain types of mutual funds is deductible from the taxable income to reduce the tax liability. Thus, mutual funds can be used as effective tools for tax planning.

COMMODITY

DHANAVRUKSHA Commotrade equips you with reliable research, based on a technical and fundamental study of all major commodities. It also continuously works towards recommending various trading strategies which you can use to enhance your commodities trading experience.

When you choose to trade through SUNSHARE Commotrade, you not only receive personalized service but enjoy the benefit of a delivery mechanism made easy! SUNSHARE Commotrade is your veritable guide and gateway into the world of commodities trading

Commodities' trading offers the following benefits:-

- **Diversification of portfolio:** Commodity trading offers a means for diversification of portfolio for the investors, by offering exposure to an asset class different from stock markets instruments such as equities, mutual funds and bonds.
- **Predictability:** : Commodities pricing is largely based on the demand and supply fundamentals for the commodity, and hence, becomes relatively easier to predict.
- **Leverage:** Trading in commodities futures involves use of leverage through margin which is maintained with the broker. Hence, large transactions can be executed with lesser amount of cash in hand.
- **Liquidity:** Futures contracts in commonly traded commodities such as gold, silver, crude oil and grains offer a high level of liquidity in the market.

DERIVATIVES:

Derivatives have traditionally been used by businesses to hedge against different types of risks, and have been in existence for decades. With well-planned strategies based on a thorough study of the markets, individual investors and traders can earn handsome returns through derivatives trading.

Investment in derivatives has the following advantages:-

- **Hedging against risk:** Derivatives are used for hedging against risk in price fluctuations of the underlying asset. Since the buy (or sell) price at delivery is specified in advance, the buyer/seller can protect his investment from deviation in price trend.
- **Lower costs:** The investor needs to pay only for the contract, which is usually much less than the price of the underlying asset, thus offering a benefit of lower costs.
- **Leverage:** Trading in derivatives involves use of leverage through margin that is maintained with the broker. Hence, lesser cash is required to be paid at the time of trade.

SERVICES:

FINANCIAL PLANNING:

Financial Planning is the process of planning a person's investments and assets to enable the person to attain his or her financial goals, keeping in mind the risk profile of the person.

WEALTH MANAGEMENT

SUNSHARE helps you to systematically plan and execute financial strategies based on an in-depth understanding of your needs, your appetite for risk and the products that are available in the market.

We follow a three-step process for managing your wealth

Step 1 - Understanding your needs and goals

Different individuals have diverse needs and goals in life. The practice of wealth management tries to ensure that your finances support these goals at every stage of your life. So, our first step to developing your customized investment portfolio is analyzing your needs and goals.

Step 2 - Executing investments

While channeling your finances towards achieving your goals, we take in to account aspects like your cash flow requirements and your risk appetite. A right balance is struck between investing in liquid assets and in medium and long term

investments. We suggest investment across various asset classes such as stocks (equities), mutual funds, debt assets etc. in varying proportions, depending on your profile. This helps in optimizing returns and ensuring risk mitigation through a diversified portfolio.

Step 3 - Reviewing portfolio at regular intervals

With constant changes in the business and economic environment it is important to review the portfolio from time to time and make necessary alterations whenever necessary. This helps in aligning the portfolio to the investment objective.

INVESTMENT BANKING:

DHANAVRUKSHA focuses on the middle market entrepreneurs, and provides them with a complete range of solutions from strategic advisory services to capital raising, to assist them in implementing their growth plans. We aim to spend adequate time with the entrepreneurs and their team to understand their motivations, businesses and strategy. SUNSHARE believes in a strong, relationship driven, long term approach with all its clients, as corporates need time to execute their business plans and it is imperative that in turbulent times the banker becomes a trusted advisor and remains with them through the various phases of the business cycles and is able to advise them on the best strategies at each appropriate stage in their growth cycle.

To enable us to do this, we have put together an experienced team of professionals who come with very strong relationships across the regulatory and investor space and also have a deep understanding of the issues facing the mid market corporates in these times, as they aim to become the large caps of tomorrow. We have strong relationships across the spectrum of investors ranging from marquee private equity funds, mutual funds, overseas institutional investors, hedge funds, very high net worth investors as well as bankers.

INSURANCE:

Services And Value Proposition

Being an insurance broker, we cater to all the insurance needs of our clients and provide technical expertise and value enhancement to our clients. Our list of services includes:

- ***Life and non-life insurance:***
- ***Risk management:***
- ***Claim settlement:***
- ***Policy reviewing:***

1.4.STATEMENT OF THE PROBLEM:

- ❖ There is very low awareness among people about the DHANAVRUKSHA FINANCIAL SERVICES PVT LTD Financial Derivatives Futures and option. This prevents them from obtaining a fair return for their investment.
- ❖ A very few educated people who do not want to invest in DHANAVRUKSHA FINANCIAL SERVICES PVT LTD Financial Derivatives Futures and option just because they are completely unaware of functioning of a DHANAVRUKSHA FINANCIAL SERVICES PVT LTD Financial Derivatives Futures and option & they perceive a very high degree of risk.
- ❖ Better understanding of the investors will help the company fine tune to offering in DHANAVRUKSHA FINANCIAL SERVICES PVT LTD Financial Derivatives Futures and option to get more business.

1.5.OBJECTIVES:

- ❖ To know investors awareness of risk & return & their preference towards Dhanavruksha Financial Services Pvt Ltd Financial derivatives future and option
- ❖ To understand whether Financial Derivatives fulfill the investor's objective of maximizing the return from the investment
- ❖ To assess influencing factor and the strategies used for investing in Financial Derivatives Futures and option
- ❖ To identify the most preferred trading activity in the equity derivatives segment
- ❖ To provide valuable suggestions to improve the investments in Dhanavruksha Financial Services Pvt Ltd Financial derivatives future and option

1.6.NEED FOR THE STUDY

- ❖ The derivatives market is the financial market for derivatives, financial instruments like futures contracts or options, which are derived from other forms of assets.
- ❖ The market can be divided into two, that for exchange-traded derivatives and that for over-the-counter derivatives. The legal nature of these products is very different as well as the way they are traded, though many market participants are active in both.
- ❖ This study would help in explaining the investor's perception of risk & return & their preference for Dhanavruksha Financial Services Pvt Ltd Financial Derivatives Futures and option.
- ❖ All this would help in giving suggestions to strengthen the marketing efforts of Dhanavruksha Financial Services Pvt Ltd and expand their business

1.7.SCOPE OF THE STUDY

- ❖ The scope of the study is to analyze and interpret the investor's perception towards the Dhanavruksha Financial Services Pvt Ltd Financial Derivatives Futures and option
- ❖ The research records around a general awareness on Dhanavruksha Financial Services Pvt Ltd Financial Derivatives Futures and option and their risk perception
- ❖ Analyze and interpret the strategies used in Dhanavruksha Financial Services Pvt Ltd Financial Derivatives Futures and option.
- ❖ Assess the strategies used in choosing the Dhanavruksha Financial Services Pvt Ltd Financial Derivatives Futures and option
- ❖ To assess the overall growth of the trading in DHANAVRUKSHA FINANCIAL SERVICES PVT LTD Equity Derivatives Futures and option segment in India

CHAPTER 2

REVIEW OF LITERATURE

2.1.INTRODUCTION

Sharpe, William F. (2016) suggested a measure for the evaluation of portfolio performance. Drawing on results obtained in the field of portfolio analysis, economist Jack L. Treynor has suggested a new predictor of Financial Derivatives and option performance, one that differs from virtually all those used previously by incorporating the volatility of a fund's return in a simple yet meaningful manner. Michael C. Jensen (1967) derived a risk-adjusted measure of portfolio performance (Jensen's alpha) that estimates how much a manager's forecasting ability contributes to fund's returns.

Zakri Y.Bello (2017) matched a sample of socially responsible stock Financial Derivatives and option matched to randomly selected conventional funds of similar net assets to investigate differences in characteristics of assets held, degree of portfolio diversification and variable effects of diversification on investment performance. The study found that socially responsible funds do not differ significantly from conventional funds in terms of any of these attributes. Moreover, the effect of diversification on investment performance is not different between the two groups

A syndicated by **Statman (2018)**, the SDAR of a fund portfolio is the excess return of the portfolio over the return of the benchmark index, where the portfolio is leveraged to have the benchmark index's standard deviation. S.Narayan Rao,et.al., evaluated performance of Indian Financial Derivatives and option in a bear market through relative performance Index, risk return analysis

Mishra, et al.,(2018) measured Financial Derivatives and option performance using lower partial moment. In this paper, measures of evaluating portfolio performance based on lower partial moment are developed. Risk from the lower partial moment is measured by taking into account only those states in which return is below a pre-specified “target rate” like risk-free rate. Kshama Fernandes (2003) evaluated index fund implementation in India. In this paper, tracking error of index funds in India is measured. The consistency and level of tracking errors obtained by some well-run index fund suggests that it is possible to attain low levels of tracking error under Indian conditions. At the same time, there do seem to be periods where certain index funds appear to depart from the discipline of indexation

A study by **Tsai and Hung (2020)** found that futures trading improved the price efficiency of Taiwan's stock market by reducing information asymmetry.

A study by **Liu and Ma (2020)** found that options trading can be an effective tool for hedging currency risk in international investments.

A study by **Pons and Vilar (2020)** found that futures contracts can be used to hedge the risk of climate change in agricultural markets. However, some studies have also highlighted potential negative effects of derivatives trading.

A study by **Keppler et al. (2020)** found that futures trading can increase the likelihood of extreme market movements, known as "fat-tailed" events.

Xiong et al. (2020) found that excessive speculation in commodity futures markets can lead to price bubbles and instability.

A study by **Li and Li (2020)** found that futures contracts can be used to hedge the risk of interest rate changes in the bond market.

A study by **Chen et al. (2020)** found that options trading can increase the volatility of the underlying assets, particularly during periods of market stress.

A study by **Kim and Lee (2021)** found that the introduction of index futures trading in the Korean stock market improved market efficiency, reducing bid-ask spreads and increasing price discovery.

A study by **Guo and Li (2021)** found that options trading can lead to excessive speculation and increase the likelihood of market crashes

A study by **Lee et al. (2021)** found that options trading can increase volatility in the underlying assets, particularly during periods of market stress.

A study by **Ding et al. (2021)** found that futures trading can improve the integration of commodity markets.

A study by **Chen and Lin (2021)** found that options trading can enhance the transmission of information between related markets.

A study by **Ma et al. (2021)** found that options trading can be an effective tool for hedging currency risk in international investments,

A study by **Huang et al. (2021)** found that excessive speculation in commodity futures markets can lead to price bubbles and instability.

A study by **Kim et al. (2021)** found that options trading can lead to increased trading activity and reduced market efficiency in the Korean stock market.

A study by **Wong et al. (2021)** found that futures trading can improve the efficiency of the stock market by reducing information asymmetry and improving price discovery.

A study by **Li and Li (2021)** found that futures contracts can be used to hedge against the risk of inflation,

A study by **Mao et al. (2021)** found that options trading can be an effective tool for hedging commodity price risk in the energy market.

A study by **Zhang et al. (2021)** found that excessive speculation in the futures market can lead to market instability and price bubbles.

Overall, the literature on financial derivatives futures and options suggests that these instruments can have both positive and negative effects on financial markets. While they can be useful for managing risk and improving efficiency, they can also exacerbate market volatility and lead to excessive speculation. It is important for investors to carefully analyze market conditions and employ appropriate risk management strategies when trading derivatives.

CHAPTER 3- RESEARCH METHODOLOGY

The research methodology utilized in this study involves the use of a quantitative questionnaire, which will be administered both in the current and future data collection phases. This questionnaire will be analysed using statistical tools, such as the Statistical Package for Social Sciences (SPSS), to examine the relationship between the dependent and independent variables. The quantitative approach is employed in this study, which utilizes numerical data to objectively test the research objectives. Theoretical information will also be employed in the data analysis process to guide the interpretation of results. Overall, the methodology used in this study involves a rigorous process of data collection and analysis that is guided by both theoretical frameworks and statistical techniques.

3.2. RESEARCH DESIGN

The research design indicates the types of research methodology undertaken to collect the information for the study. The research design selected for this study for this project is both descriptive research design and hypothesis testing research design.

The purpose of descriptive research is to get the characteristic of an individual toward an objectives or the variable of interest in a situation. A descriptive research design is the one that simply describes something such as demographic characteristic of group (or) customers of the product.

3.2.1.Descriptive Design

Descriptive research study provides clear specification of who, what, when, why, where and ho aspects of the research. It involves more specific hypothesis and testing of them through statistical inference techniques. However the descriptive does not find the cause and effect relationship among variables..

3.3.SAMPLING DESIGN

The selected samples based on the stratified random sampling. A sample design is a definite plan for obtaining a sample from a given population. It refers to the technique or the procedure the research would adopt in selecting items for the sample. Sample design may as well lay down the number of items to be included in the sample that is the size of the sample. Sample design is determined before data are collected.

3.3.1.Stratified Random sampling:

Under stratified random sampling the population is divided into several sub-populations that are individually more homogeneous than the population, (the different sub-populations are called strata) and then we select items from each stratum to constitute a sample.

Since each stratum is more homogeneous than the population, we are able to get more precise estimates for each stratum and by estimating more accurately each of the component parts, we get a better estimate of the whole. In brief, stratified sampling results in more reliable and detailed information.

3.4.DATA COLLECTION METHOD

PRIMARY DATA:

For this study, this questionnaire type survey is used to collect the primary data because of its extreme flexibility. This primary data pertain to demographic and socio-economic characteristics of the investors, attitudes and opinions of investors, their awareness and knowledge.

SECONDARY DATA:

Secondary data has been collected from magazines and journals like “TAKE STOCK”, from the books of “AMFI” and “HDFC”, and “SEBI INVESTORS GUIDE” Secondary data need for conducting this research work was collected both internally and externally. The required internal data was collected from company brochures, etc..., and the external source was magazines, other business forms, websites, investors, bank, mutual fund industry, post office, statistical and management books and so on. The research did here is desk research, that is collection and analysis were made in secondary data.

3.5.QUESTIONNAIRE DESIGN

The researcher used a questionnaire method to collect the data from the DHANAVRUKSHA FINANCIAL SERVICES PVT LTD Financial Derivatives Futures investors and other investors for the research work.

The questionnaire framed for the research study is a structured questionnaire in which all the questions are predetermined before conducting the survey. The form of questionnaire is of both closed and open type

3.5.1QUESTIONNAIRE

A questionnaire is simply a formalized set of questions for eliciting information.

3.6.TYPES OF QUESTIONS

The different types of questions used for the study are:

Open- ended questions.

Closed- ended questions.

Multiple choice questions.

3.7.SAMPLING FRAME

A sampling frame may be defined as the listing of the general components of the individual units that comprise the defined population.

3.7.1SAMPLING METHOD AND SAMPLE SIZE

Non-probability sampling method was used for this research study in non-probability sampling, the method adopted is convenience-sampling method. The investigator has selected the sample according to this convenience. He has included those items in the sample, which he thought were most typical of population.

3.7.2 NON-PROBABILITY SAMPLING

Non –probability sampling method is one, which does not provide every item in the universe with a known chance of being include in the sample. The selection process is partially subjective.

3.7.3 CONVENIENCE SMAPLING

A convenience sample is obtained by selecting "convenient" population units. Convenience samples are prove to bias by their very nature selecting population elements which are convenient to choose almost always make them special or different from the best of the elements in the population in same way.

3.7.4 SAMPLE SIZE DETERMINANTS

The sample size is usually determined by the sampling method selected and nature of the research. Hence considering this, the sample size is determined. The sampling here is non-probability and convenience sapling for that more number of sample sizes is preferred.

3.8.SAMPLE SIZE:

The method of sampling used here was Convenience sampling. The survey was conducted in Chennai with sample size of 150 customers of Dhanavruksha Financial Services Pvt Ltd who have invested in DHANAVRUKSHA FINANCIAL SERVICES PVT LTD Financial Derivatives Futures and option

3.9..POPULATION

The universe or population is the specified group of people, firms, conditions, activities, etc., which form the pivotal point of the research project. For developing and using a sample, it becomes a primary duty to define the population from which draw the sample. Population for this project is the investors in DHANAVRUKSHA FINANCIAL SERVICES PVT LTD Financial Derivatives

3.10 HYPOTHESIS

Hypothesis may be defined as a proposition or a set forth as an explanation for the occurrence of some specified group of phenomena either asserted merely as a provisional conjecture to guide some investigation or accepted as highly probable in the light of established facts.

3.11.TOOLS FOR ANALYSIS

3.11.1.PERCENTAGE ANALYSIS

FORMULA:

Percentage= (number of responses/total number of respondents)*100.

3.11.2 CHI SQUARE TEST:

$$(O-E)^2/E$$

O=Observed frequency

E=Expected frequency.

Chi-square is used to test whether difference between observed and expected frequency are frequent.

3.11.3 CORRELATION:

Its studies the joint variation of two or more variables for determining the amount of correlation between two or more variables

3.11.4 ANOVA:

Analysis of Variance (abbreviated as ANOVA) It is the essentially a procedure for testing the deference among different groups of data for homogeneity. The essence of ANOVA is that the total amount of variation in a set of data is broken down into two types, that amount which can be attributed to chance and that amount which can be attributed to specified causes. ANOVA consists in splitting the variance for analytical purposes.

CHAPTER 4 - DATA ANALYSIS AND INTERPRETATION

4.1.PERCENTAGE ANALYSIS

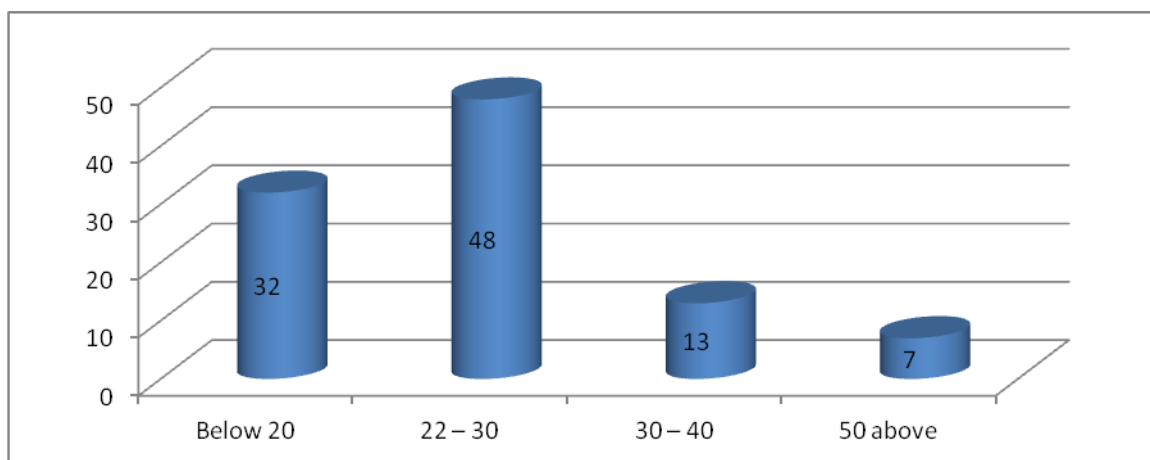
TABLE NO:4.1.1

AGE OF THE RESPONDENTS

Factors	No of respondents	Percentage
Below 20	48	32
22 – 30	72	48
30 – 40	20	13
50 above	10	07
Total	150	100

CHART NO: 4.1.1

AGE OF THE RESPONDENTS



Inference:

From the above table it is inferred that 48% of the respondents are in the age group of 22 to 30 years, and 32% of the respondents are in the age group of Below 20. Most of the respondents are in the age group of 22 to 30 years

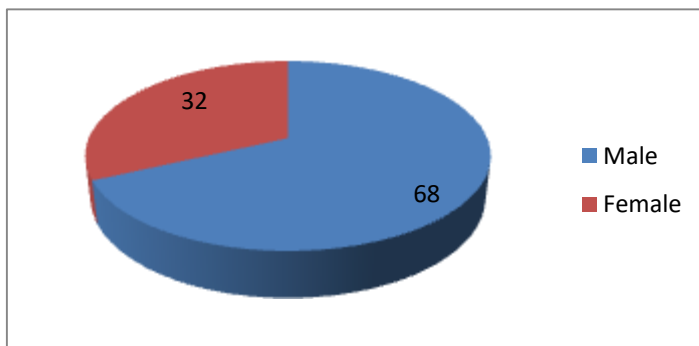
TABLE NO: 4.1.2

GENDER OF THE RESPONDENTS

Factors	No.of.respondents	Percentage
Male	102	68
Female	48	32
Total	150	100

CHART NO: 4.1.2

GENDER OF THE RESPONDENTS



Inference:

From the above table, it can be inferred that 68% of the respondents are Male and 32% of the respondents are female. Most of the respondents are Male.

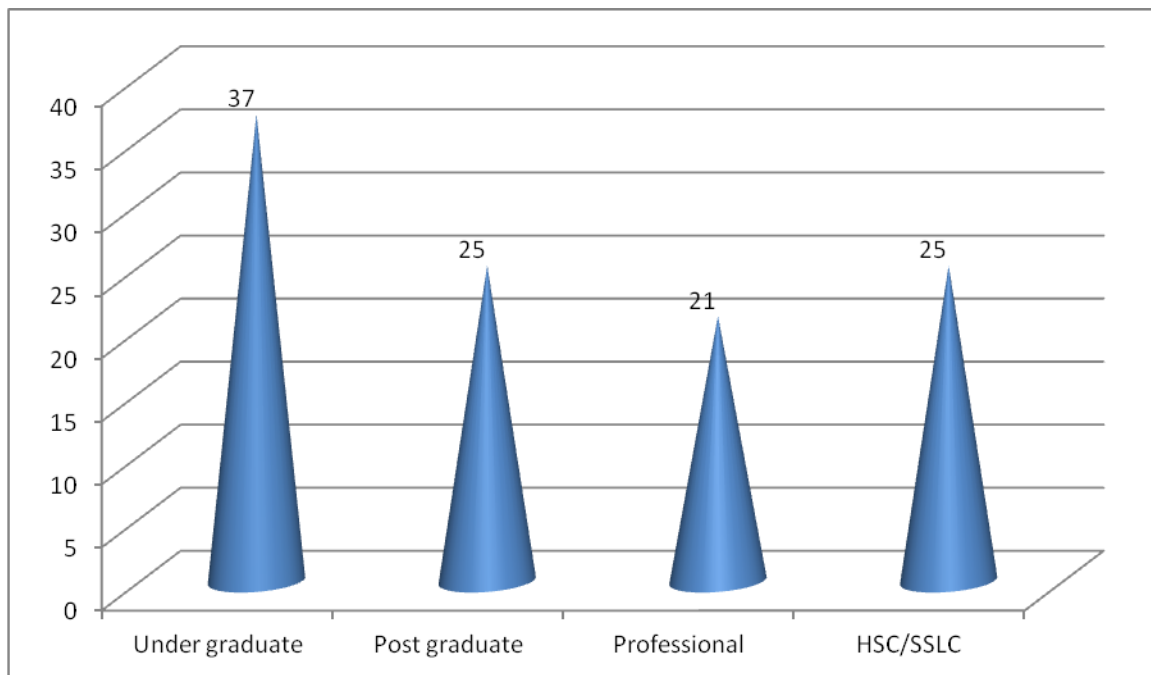
TABLE NO: 4.1.3

EDUCATION QUALIFICATION OF THE RESPONDENTS

Factors	No of respondents	Percentage
Under graduate	55	37
Post graduate	37	25
Professional	31	21
HSC/SSLC	37	25
Total	150	100

CHART NO: 4.1.3

EDUCATION QUALIFICATION OF THE RESPONDENTS



Inference:

From the above table, it can be inferred that 37% of the respondents are Under Graduate and 25% of the respondents are Post Graduate, HSC. Most of the respondents are Under Gradua

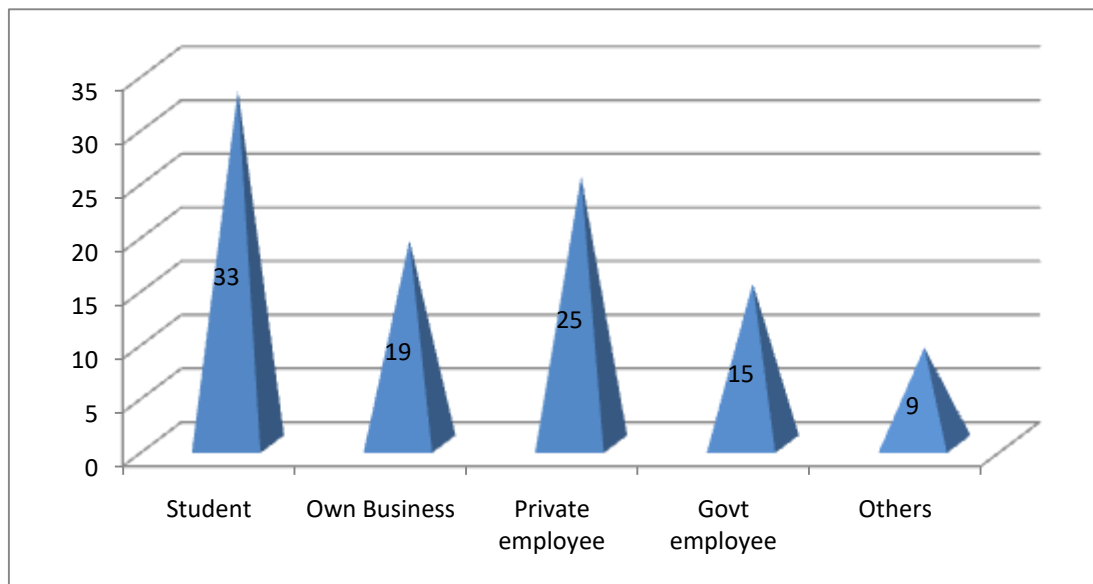
TABLE NO: 4.1.4

OCCUPATION OF THE RESPONDENTS

Factors	No of respondents	Percentage
Student	49	33
Own Business	28	19
Private employee	37	25
Govt employee	22	15
Others	14	9
Total	150	100

CHART NO: 4.1.4

OCCUPATION OF THE RESPONDENTS



Inference:

From the above table, it can be inferred that 33% of the respondents are Students and 25% of the respondents are Private Employee. Most of the respondents are Students.

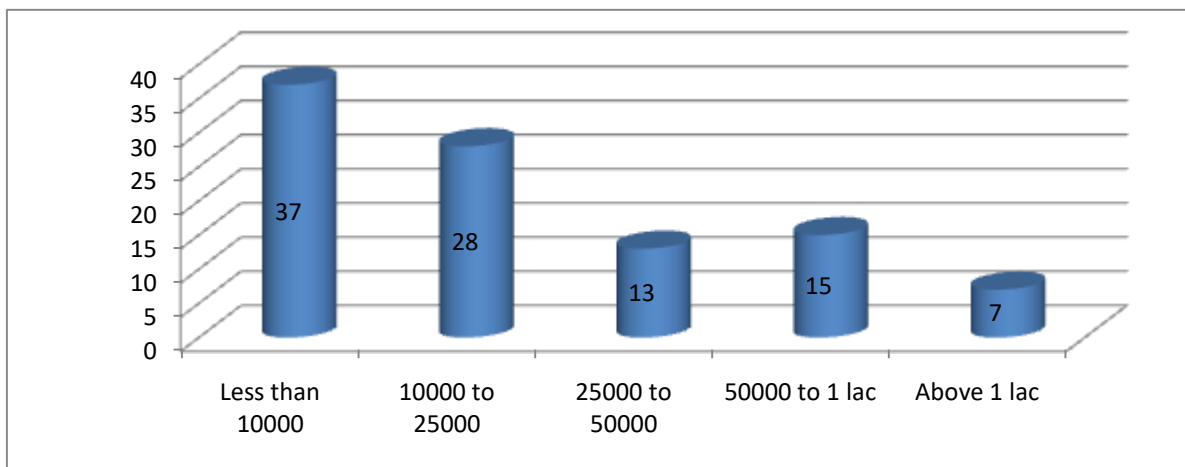
TABLE NO: 4.1.5

MONTHLY INCOME OF THE RESPONDENTS

Factors	No of respondents	Percentage
Less than 10000	55	37
10000 to 25000	42	28
25000 to 50000	20	13
50000 to 1 lac	22	15
Above 1 lac	11	7
Total	150	100

CHART NO: 4.1.5

MONTHLY INCOME OF THE RESPONDENTS



Inference:

From the above table it is inferred that 37% of the respondents are earning Below 10,000 and 28% of the respondents are earning 10,000 – 25,000. Most of the respondents are earning Less T

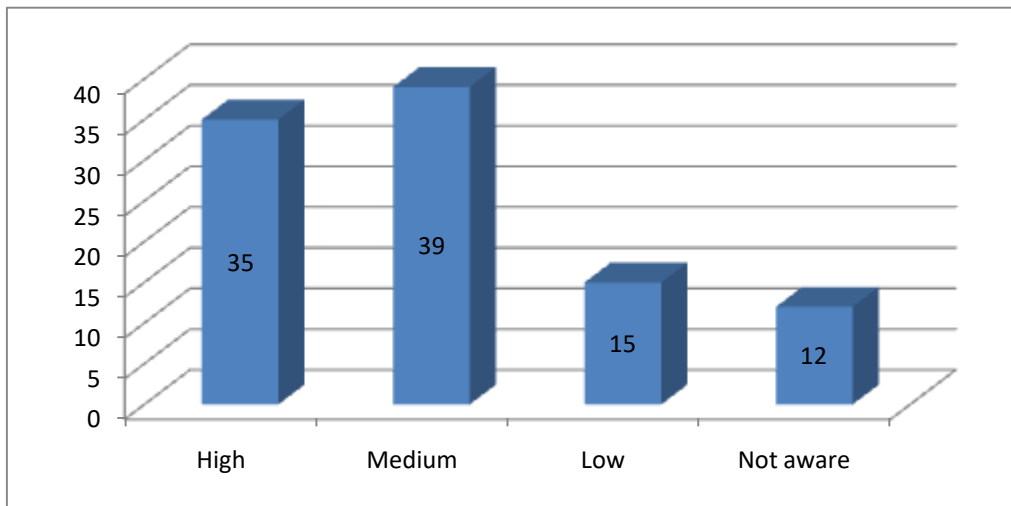
TABLE NO: 4.1.6

EMPLOYEES AWARENESS ABOUT DHANAVRUKSHA FINANCIAL SERVICES PVT LTD FINANCIAL DERIVATIVES FUTURE AND OPTION.

Factors	No of respondents	Percentage
High	52	35
Medium	58	39
Low	22	15
Not aware	18	12
Total	150	100

CHART NO: 4.1.6

EMPLOYEES AWARENESS ABOUT DHANAVRUKSHA FINANCIAL SERVICES PVT LTD FINANCIAL DERIVATIVES FUTURE AND OPTION



Inference:

From the above table, it can be inferred that 39% of the respondents are Medium awareness about DHANAVRUKSHA FINANCIAL SERVICES PVT LTD financial derivatives future and option and 35% of the respondents are High awareness about DHANAVRUKSHA FINANCIAL SERVICES PVT LTD financial derivatives future and option. Most of the respondents are Medium awareness about DHANAVRUKSHA FINANCIAL SERVICES PVT LTD financial derivatives future and option.

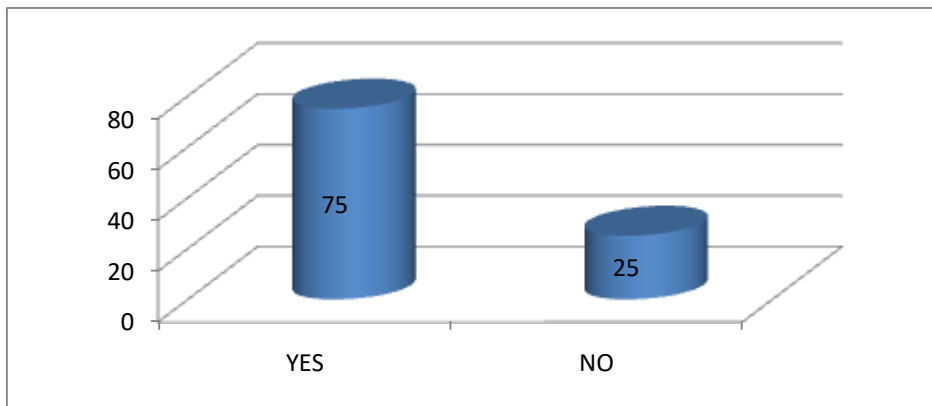
TABLE NO: 4.1.7

UNDERGONE ANY TRAINING IN DERIVATIVES FROM NSE, BSE OR BROKING FIRMS BEFORE STARTING TRADING IN EQUITY DERIVATIVES

Factors	No of respondents	Percentage
YES	112	75
NO	38	25
Total	150	100

CHART NO: 4.1.7

UNDERGONE ANY TRAINING IN DERIVATIVES FROM NSE, BSE OR BROKING FIRMS BEFORE STARTING TRADING IN EQUITY DERIVATIVES



Inference:

From the above table, it can be inferred that 75% of the respondents are YES undergone any training in derivatives from NSE, BSE or broking firms before starting trading in equity derivatives and 25% of the respondents are NO undergone any training in derivatives from NSE, BSE or broking firms before starting trading in equity derivatives. Most of the respondents are YES undergone any training in derivatives from NSE, BSE or broking firms before starting trading in equity derivatives.

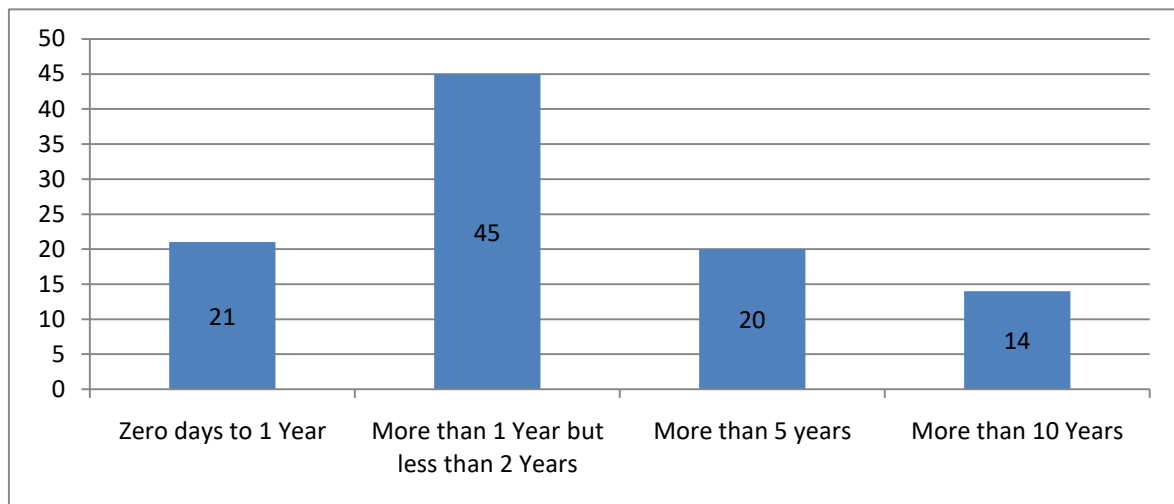
TABLE NO: 4.1.8

EMPLOYEES EXPERIENCE IN EQUITY DERIVATIVES MARKET

Factors	No of respondents	Percentage
Zero days to 1 Year	32	21
More than 1 Year but less than 2 Years	67	45
More than 5 years	30	20
More than 10 Years	21	14
Total	150	100

CHART NO: 4.1.8

EMPLOYEES EXPERIENCE IN EQUITY DERIVATIVES MARKET



Inference:

From the above table, it can be inferred that 45% of the respondents are More than 1 Year but less than 2 years experience in equity derivatives market and 21% of the respondents are Zero days to 1 Year experience in equity derivatives market. Most of the respondents are More than 1 Year but less than 2 years experience in equity derivatives market.

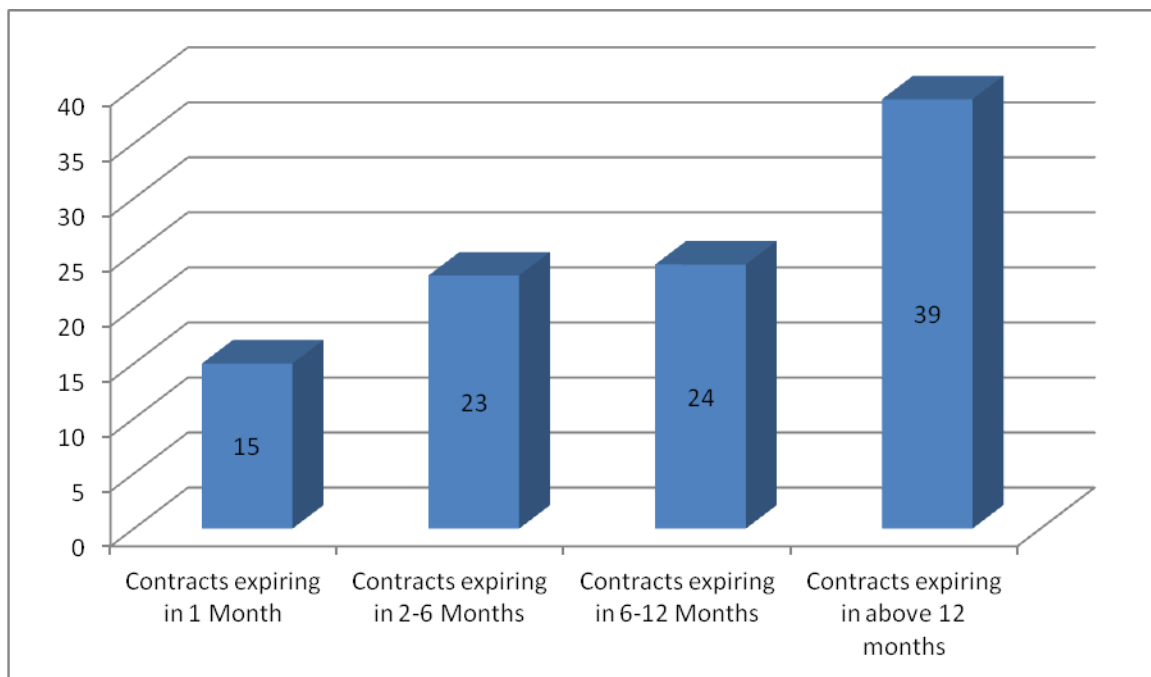
TABLE NO: 4.1.9

EMPLOYEES PERIODICITY OF CONTRACTS DO YOU NORMALLY PREFER TO INVEST

Factors	No of respondents	Percentage
Contracts expiring in 1 Month	22	15
Contracts expiring in 2-6 Months	34	23
Contracts expiring in 6-12 Months	36	24
Contracts expiring in above 12 months	58	39
Total	150	100

CHART NO: 4.1.9

EMPLOYEES PERIODICITY OF CONTRACTS DO YOU NORMALLY PREFER TO INVEST



Inference:

From the above table, it can be inferred that 39% of the respondents are Contracts expiring in above 12 months and 24% of the respondents are Contracts expiring in 6-12 Months. Most of the respondents are Contracts expiring in above 12 months

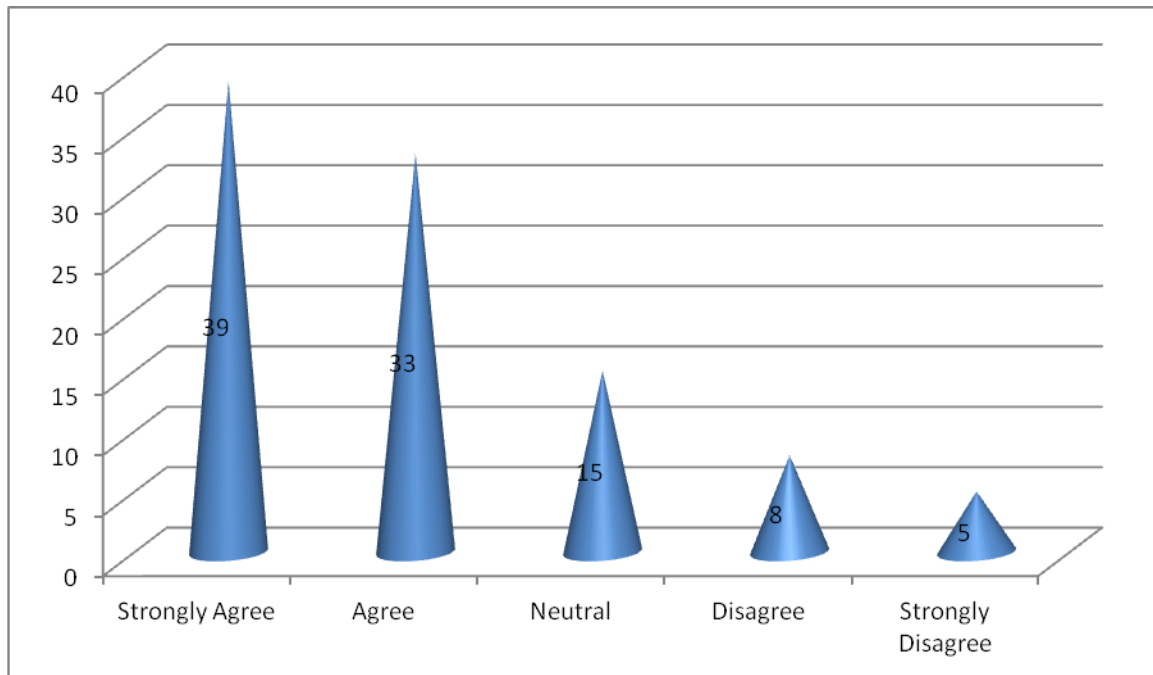
TABLE NO: 4.1.10

DHANAVRUKSHA FINANCIAL SERVICES PVT LTD FINANCIAL DERIVATIVES FUTURE AND OPTION ARE A GREAT WAY TO LET YOUR MONEY GROW

Factors	No of respondents	Percentage
Strongly Agree	58	39
Agree	50	33
Neutral	22	15
Disagree	12	8
Strongly Disagree	8	5
Total	150	100

CHART NO: 4.1.10

DHANAVRUKSHA FINANCIAL SERVICES PVT LTD FINANCIAL DERIVATIVES FUTURE AND OPTION ARE A GREAT WAY TO LET YOUR MONEY GROW



Inference:

From the above table, it can be inferred that 39% of the respondents are Strongly Agree DHANAVRUKSHA FINANCIAL SERVICES PVT LTD financial derivatives future and option are a great way to let your money grow and 33% of the respondents are Agree DHANAVRUKSHA FINANCIAL SERVICES PVT LTD financial derivatives future and option are a great way to let your money grow. Most of the respondents are Strongly Agree DHANAVRUKSHA FINANCIAL SERVICES PVT LTD financial derivatives future and option are a great way to let your money grow.

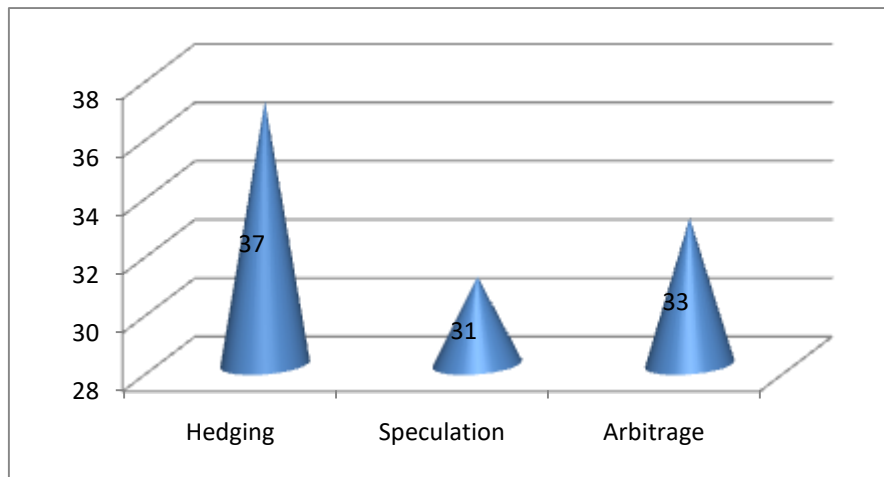
TABLE NO: 4.1.11

EMPLOYEES MOST PREFERRED TRADING ACTIVITY IN THE EQUITY DERIVATIVES SEGMENT

Factors	No of respondents	Percentage
Hedging	55	37
Speculation	46	31
Arbitrage	49	33
Total	150	100

CHART NO: 4.1.11

EMPLOYEES MOST PREFERRED TRADING ACTIVITY IN THE EQUITY DERIVATIVES SEGMENT



Inference:

From the above table, it can be inferred that 37% of the respondents are hedging preferred trading activity in the equity derivatives segment and 33% of the respondents are Arbitrage preferred trading activity in the equity derivatives segment. Most of the respondents are hedging preferred trading activity in the equity derivatives segment.

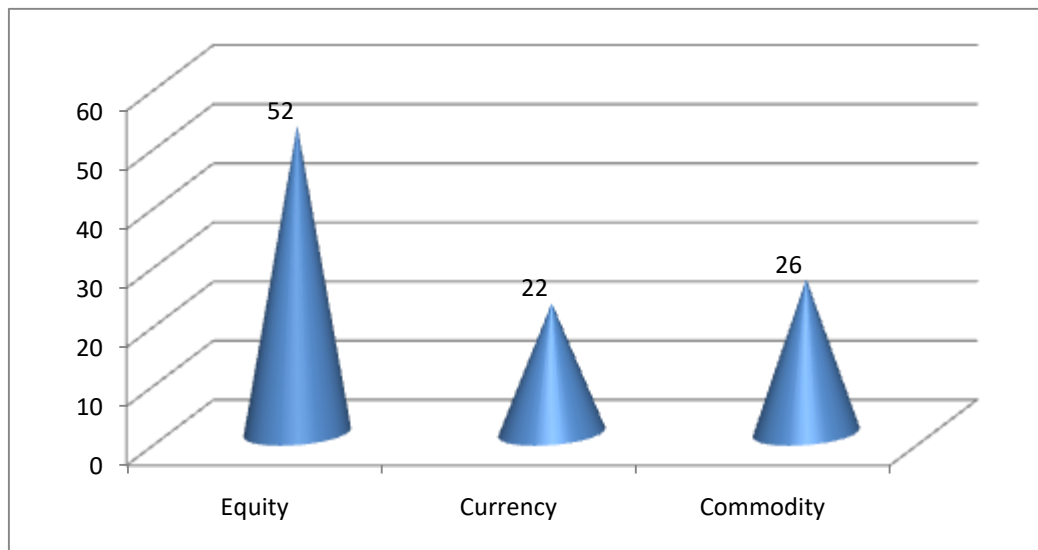
TABLE NO: 4.1.12

EMPLOYEES INVEST IN WHICH DERIVATIVES MARKETS

Factors	No of respondents	Percentage
Equity	78	52
Currency	33	22
Commodity	39	26
Total	150	100

CHART NO: 4.1.12

EMPLOYEES INVEST IN WHICH DERIVATIVES MARKETS



Inference:

From the above table, it can be inferred that 52% of the respondents are invest in Equity derivatives markets and 26% of the respondents are invest in Commodity derivatives markets. Most of the respondents are invest in Equity derivatives markets.

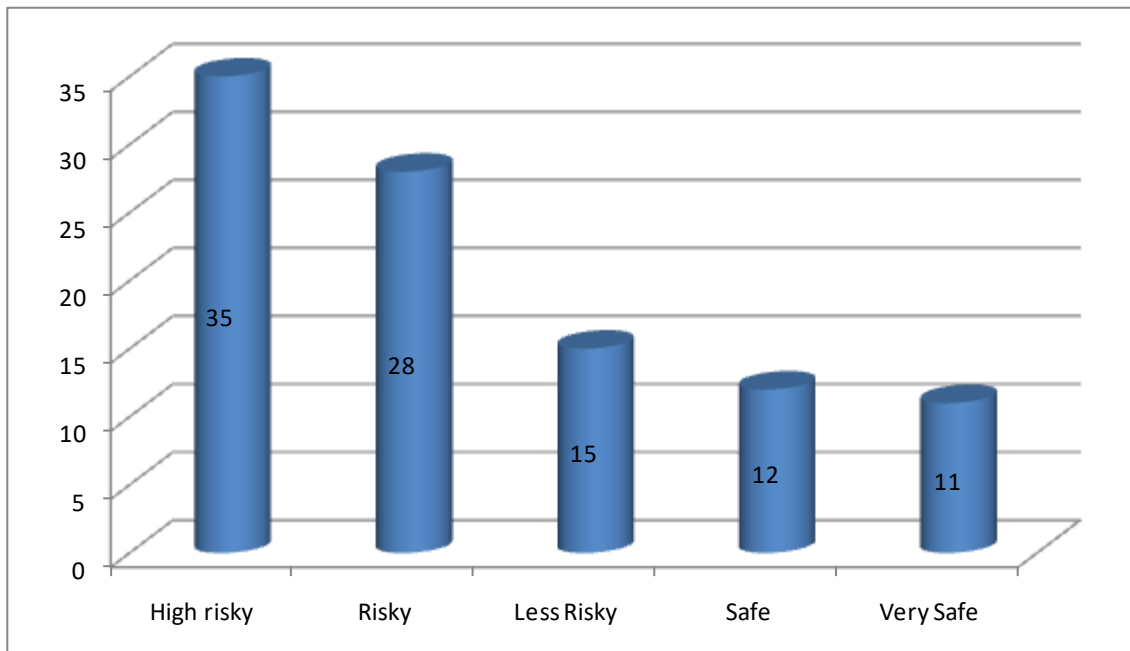
TABLE NO: 4.1.13

EMPLOYEES RISK PERCEPTION ABOUT DHANAVRUKSHA FINANCIAL SERVICES PVT LTD FINANCIAL DERIVATIVES FUTURE AND OPTION

Factors	No of respondents	Percentage
High risky	52	35
Risky	42	28
Less Risky	22	15
Safe	18	12
Very Safe	16	11
Total	150	100

CHART NO: 4.1.13

EMPLOYEES RISK PERCEPTION ABOUT DHANAVRUKSHA FINANCIAL SERVICES PVT LTD FINANCIAL DERIVATIVES FUTURE AND OPTION



Inference:

From the above table, it can be inferred that 35% of the respondents are Highly Risky perception about DHANAVRUKSHA FINANCIAL SERVICES PVT LTD financial derivatives future and option and 28% of the respondents are Risky perception about DHANAVRUKSHA FINANCIAL SERVICES PVT LTD financial derivatives future and option. Most of the respondents are Highly Risky perception about DHANAVRUKSHA FINANCIAL SERVICES PVT LTD financial derivatives future and option.

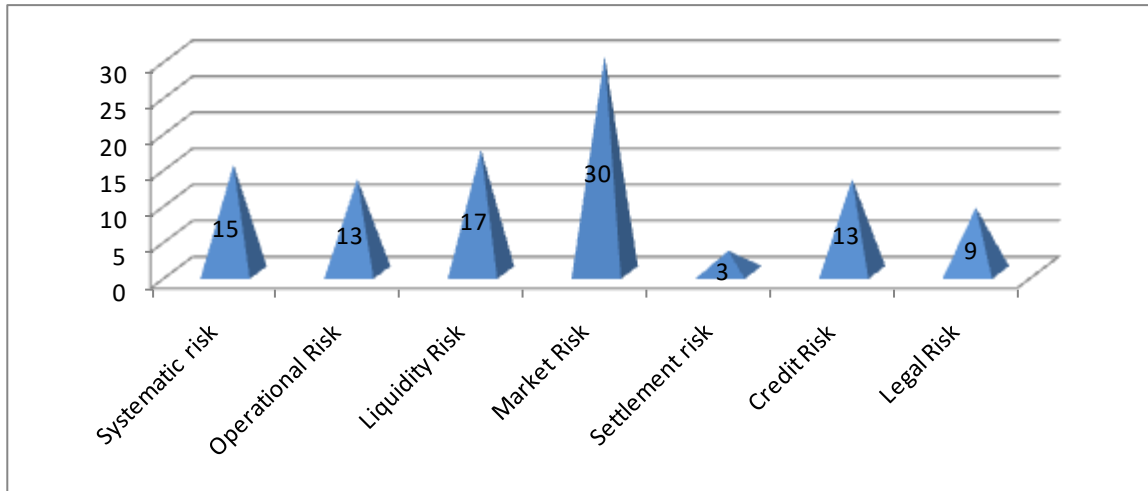
TABLE NO: 4.1.14

EMPLOYEES RISK IS MOST CONCERN IN THE EQUITY DERIVATIVE MARKET TO YOU TODAY

Factors	No of respondents	Percentage
Systematic risk	23	15
Operational Risk	20	13
Liquidity Risk	25	17
Market Risk/Price risk/Potential Loss Risk	45	30
Settlement risk	5	3
Credit Risk/Counterparty Default risk	19	13
Legal Risk	13	9
Total	150	100

CHART NO:4.1.14

EMPLOYEES RISK IS MOST CONCERN IN THE EQUITY DERIVATIVE MARKET TO YOU TODAY



Inference:

From the above table, it can be inferred that 30% of the respondents are Market Risk is concern in the equity derivative market to you today and 17% of the respondents are Liquidity Risk concern in the equity derivative market to you today. Most of the respondents are Market Risk is concern in the equity derivative market to you today.

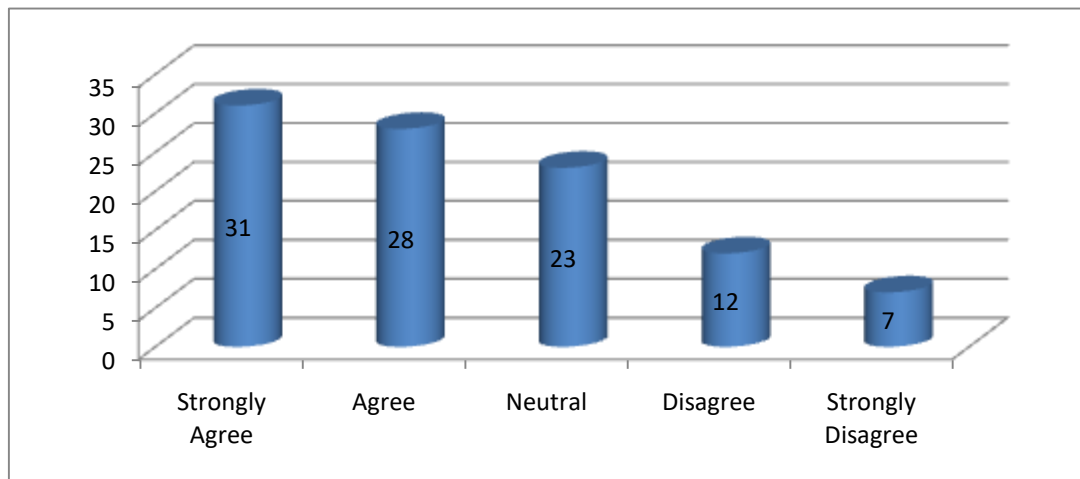
TABLE NO:4.1.15

MARKET IS RIPE NOW FOR OTHER COMPLEX PRODUCTS IN DERIVATIVES

Factors	No of respondents	Percentage
Strongly Agree	46	31
Agree	42	28
Neutral	34	23
Disagree	18	12
Strongly Disagree	10	7
Total	150	100

CHART NO:4.1.15

MARKET IS RIPE NOW FOR OTHER COMPLEX PRODUCTS IN DERIVATIVES



Inference:

From the above table, it can be inferred that 31% of the respondents are Strongly Agree are Market is Ripe Now for Other Complex Products in Derivatives and 28% of the respondents are Agree Market is Ripe Now for Other Complex Products in Derivatives. Most of the respondents are Strongly Agree Market is Ripe Now for Other Complex Products in Derivatives.

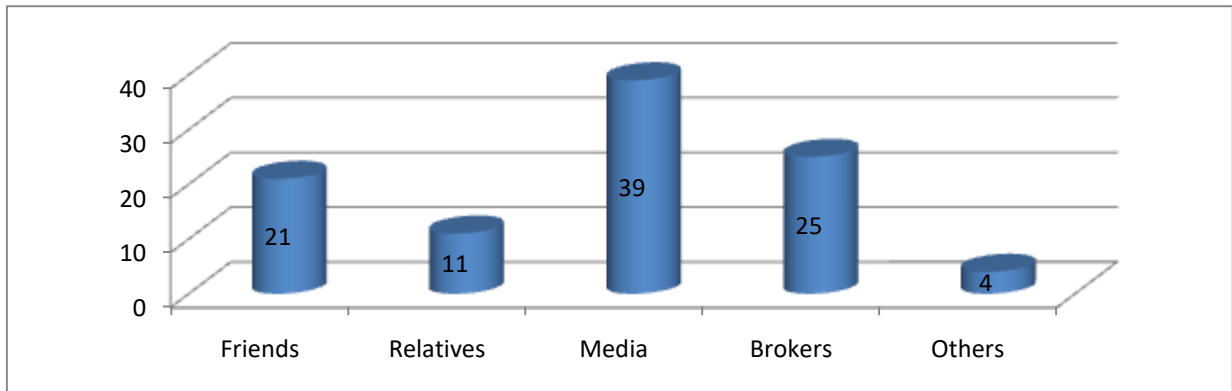
TABLE NO:4.1.16

INFLUENCED TO INVEST IN DHANAVRUKSHA FINANCIAL SERVICES PVT LTD FINANCIAL DERIVATIVES FUTURES AND OPTION

Factors	No of respondents	Percentage
Friends	32	21
Relatives	16	11
Media	58	39
Brokers	38	25
Others	6	4
Total	150	100

CHART NO:4.1.16

INFLUENCED TO INVEST IN DHANAVRUKSHA FINANCIAL SERVICES PVT LTD FINANCIAL DERIVATIVES FUTURES AND OPTION



Inference:

From the above table, it can be inferred that 39% of the respondents are Media influenced to invest in DHANAVRUKSHA FINANCIAL SERVICES PVT LTD financial derivatives futures and option and 25% of the respondents are Brokers influenced to invest in DHANAVRUKSHA FINANCIAL SERVICES PVT LTD financial derivatives futures. Most of the respondents are Media influenced to invest in DHANAVRUKSHA FINANCIAL SERVICES PVT LTD financial derivatives futures.

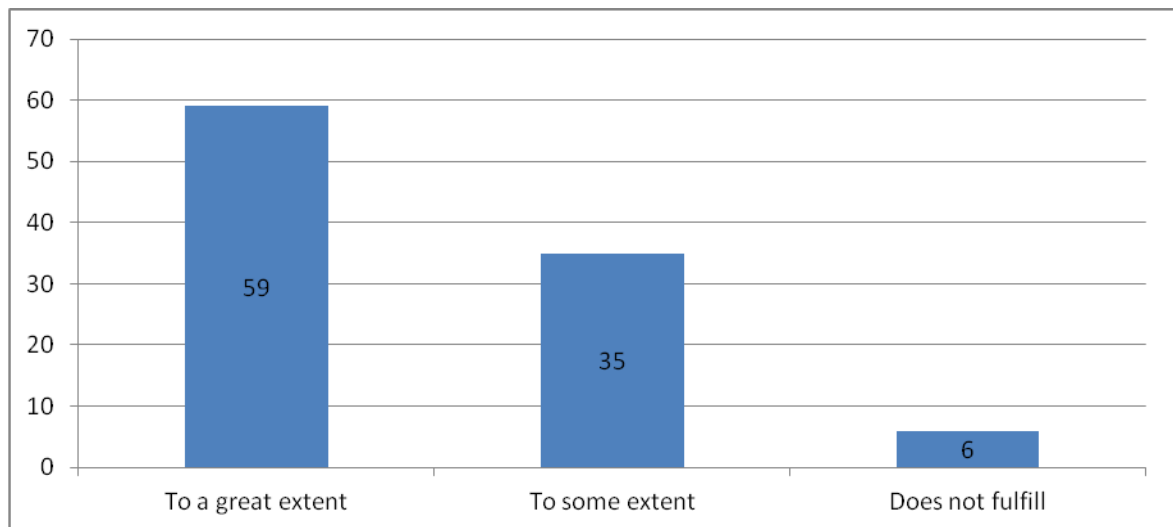
TABLE NO:4.1.17

DHANAVRUKSHA FINANCIAL SERVICES PVT LTD FINANCIAL DERIVATIVES FULFILL YOUR OBJECTIVE OF MAXIMIZING THE RETURN FROM THE INVESTMENT

Factors	No of respondents	Percentage
To a great extent	89	59
To some extent	52	35
Does not fulfill	9	6
Total	150	100

CHART NO:4.1.17

DHANAVRUKSHA FINANCIAL SERVICES PVT LTD FINANCIAL DERIVATIVES FULFILL YOUR OBJECTIVE OF MAXIMIZING THE RETURN FROM THE INVESTMENT



Inference:

From the above table, it can be inferred that 59% of the respondents are to a great extent DHANAVRUKSHA FINANCIAL SERVICES PVT LTD financial derivatives fulfill your objective of maximizing the return from the investment and 35% of the respondents are to some extent DHANAVRUKSHA FINANCIAL SERVICES PVT LTD financial derivatives fulfill your objective of maximizing the return from the investment. Most of the respondents are to a great extent DHANAVRUKSHA FINANCIAL SERVICES PVT LTD financial derivatives fulfill your objective of maximizing the return from the investment.

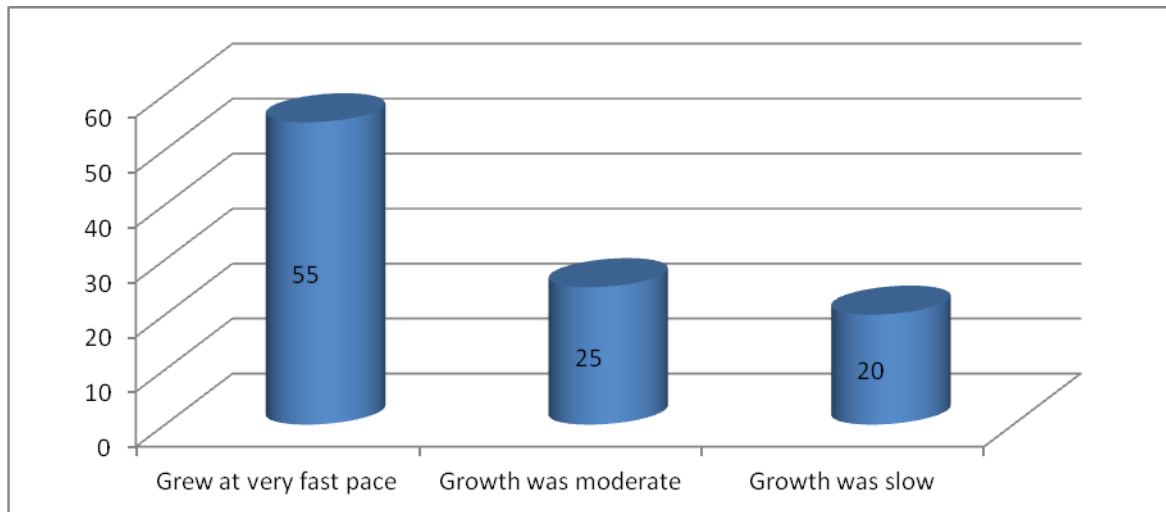
TABLE NO:4.1.18

**EMPLOYEES THINK ABOUT THE GROWTH OF THE TRADING IN
DHANAVRUKSHA FINANCIAL SERVICES PVT LTD EQUITY DERIVATIVES
FUTURES AND OPTION SEGMENT IN INDIA**

Factors	No of respondents	Percentage
Grew at very fast pace	82	55
Growth was moderate	38	25
Growth was slow	30	20
Total	150	100

CHART NO:4.1.18

EMPLOYEES THINK ABOUT THE GROWTH OF THE TRADING IN DHANAVRUKSHA FINANCIAL SERVICES PVT LTD EQUITY DERIVATIVES FUTURES AND OPTION SEGMENT IN INDIA



Inference:

From the above table, it can be inferred that 55% of the respondents are Grew at very fast pace growth of the trading in DHANAVRUKSHA FINANCIAL SERVICES PVT LTD equity derivatives futures and option segment in india and 25% Growth was moderate growth of the trading in DHANAVRUKSHA FINANCIAL SERVICES PVT LTD equity derivatives futures and option segment in india. Most of the respondents are Grew at very fast pace growth of the trading in DHANAVRUKSHA FINANCIAL SERVICES PVT LTD equity derivatives futures and option segment in india.

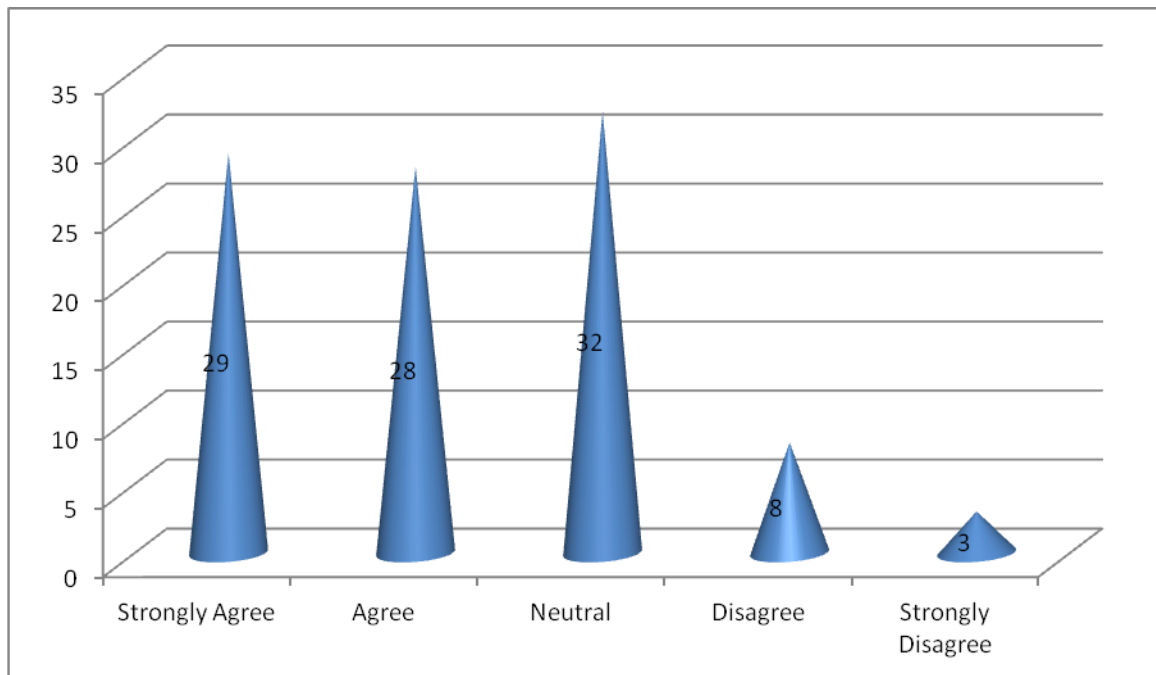
TABLE NO:4.1.19

MINIMUM CONTRACT SIZE VALUE IS RS. 2 LACS. EMPLOYEES THERE SHOULD BE REDUCTION IN CONTRACT SIZE FOR STOCK AND INDEX DERIVATIVES CONTRACTS TO GET LARGER PARTICIPATION

Factors	No of respondents	Percentage
Strongly Agree	44	29
Agree	42	28
Neutral	48	32
Disagree	12	8
Strongly Disagree	4	3
Total	150	100

CHART NO:4.1.19

MINIMUM CONTRACT SIZE VALUE IS RS. 2 LACS. EMPLOYEES THERE SHOULD BE REDUCTION IN CONTRACT SIZE FOR STOCK AND INDEX DERIVATIVES CONTRACTS TO GET LARGER PARTICIPATION



Inference:

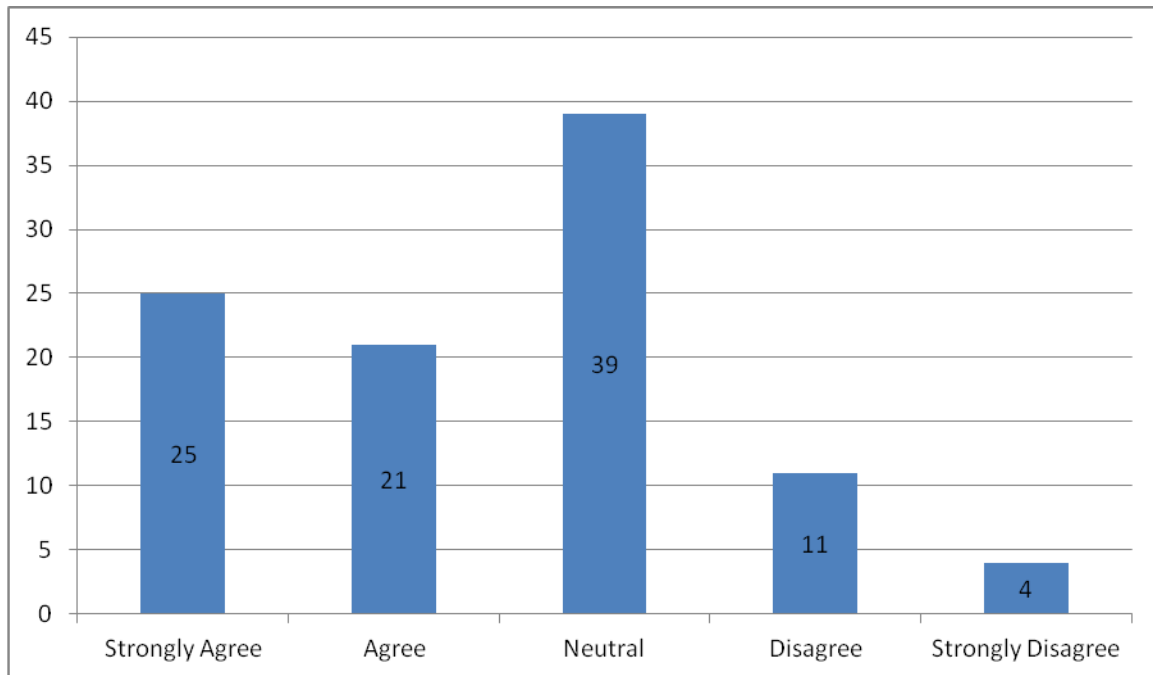
From the above table, it can be inferred that 32% of the respondents are Neutral minimum contract size value is RS. 2 lacs. employees there should be reduction in contract size for stock and index derivatives contracts to get larger participation and 29% of the respondents are Strongly Agree minimum contract size value is RS. 2 lacs. employees there should be reduction in contract size for stock and index derivatives contracts to get larger participation. Most of the respondents are Neutral minimum contract size value is RS. 2 lacs. employees there should be reduction in contract size for stock and index derivatives contracts to get larger participation.

TABLE NO:4.1.2BOTH THE EXCHANGES SHOULD START THE PHYSICAL DELIVERY SETTLEMENT FOR DHANAVRUKSHA FINANCIAL SERVICES PVT LTD EQUITY DERIVATIVES

Factors	No of respondents	Percentage
Strongly Agree	38	25
Agree	32	21
Neutral	58	39
Disagree	16	11
Strongly Disagree	6	4
Total	150	100

CHART NO:4.1.20

**BOTH THE EXCHANGES SHOULD START THE PHYSICAL DELIVERY
SETTLEMENT FOR DHANAVRUKSHA FINANCIAL SERVICES PVT LTD
EQUITY DERIVATIVES**



Inference:

From the above table, it can be inferred that 39% of the respondents are Neutral physical delivery settlement for DHANAVRUKSHA FINANCIAL SERVICES PVT LTD equity derivatives and 25% of the respondents are Strongly Agree Neutral physical delivery settlement for DHANAVRUKSHA FINANCIAL SERVICES PVT LTD equity derivatives. Most of the respondents are Neutral physical delivery settlement for DHANAVRUKSHA FINANCIAL SERVICES PVT LTD equity derivatives.

4.2.CHI- SQUARE TEST

Chi-square is the sum of the squared difference observed (o) and the expected (e) data (or the deviation, d), divided by the expected data in all possible categories.

Null hypothesis (Ho):

There is no relationship between the occupation and awareness about Dhanavruksha Financial Services Pvt Ltd financial derivatives future and option.

Alternate hypothesis (H1):

There is relationship between the occupation and awareness about Dhanavruksha Financial Services Pvt Ltd financial derivatives future and option.

Case Processing Summary

	Cases					
	Valid		Missing		Total	
	N	Percent	N	Percent	N	Percent
OCCUPATION * AWARENESSABOUTDHANAVRUKSHA FINANCIAL SERVICES PVT LTD FINANCIALDERIVATIVES FUTUREAND OPTION	150	100.0%	0	.0%	150	100.0%

OCCUPATION * AWARENESSABOUTDHANAVRUKSHA FINANCIAL
SERVICES PVT LTD
FINANCIALDERIVATIVESFUTUREANDOPTION
Crosstabulation

			AWARENESS ABOUT DHANA VRUKSHA FINANCIAL SERVICES PVT LTDFINANCIALDERIVATIVE SFUTUREANDOPTION				Total
			High	Medium	Low	Not aware	
OCCUPATION	Student	Count	49	0	0	0	49
		% within OCCUPATION	100.0%	.0%	.0%	.0%	100.0%
		% within AWARENESS ABOUT DHANA VRUKSHA FINANCIAL SERVICES PVT LTDFINANCIALDERIVATIVESFUTUREANDOPTION	94.2%	.0%	.0%	.0%	32.7%
		% of Total	32.7%	.0%	.0%	.0%	32.7%
Own Business			3	25	0	0	28
		% within OCCUPATION	10.7%	89.3%	.0%	.0%	100.0%

		% within	5.8%	43.1%	.0%	.0%	18.7%
		AWARENE					
		SSABOUTD					
		HANAVRUK					
		SHA					
		FINANCIAL					
		SERVICES					
		PVT					
		LTDFINAN					
		CIALDERIV					
		ATIVESFUT					
		UREANDO					
		PTION					
		% of Total	2.0%	16.7%	.0%	.0%	18.7%
Private employee	Count		0	33	4	0	37
	% within		.0%	89.2%	10.8%	.0%	100.0%
	OCCUPATI ON						

	% within	.0%	56.9%	18.2%	.0%	24.7%
	AWARENE			%		
	SSABOUTD					
	HANAVRUK					
	SHA					
	FINANCIAL					
	SERVICES					
	PVT					
	LTDFINAN					
	CIALDERIV					
	ATIVESFUT					
	UREANDO					
	PTION					
	% of Total	.0%	22.0%	2.7%	.0%	24.7%
Govt	Count	0	0	18	4	22
employee	% within	.0%	.0%	81.8%	18.2%	100.0%
	OCCUPATI			%		
	ON					

	% within	.0%	.0%	81.8%	22.2%	14.7%
	AWARENE					
	SSABOUTD					
	HANAVRUK					
	SHA					
	FINANCIAL					
	SERVICES					
	PVT					
	LTDFINAN					
	CIALDERIV					
	ATIVESFUT					
	UREANDO					
	PTION					
	% of Total	.0%	.0%	12.0%	2.7%	14.7%
Others	Count	0	0	0	14	14
	% within	.0%	.0%	.0%	100.0%	100.0%
	OCCUPATI					
	ON					

	% within	.0%	.0%	.0%	77.8%	9.3%
	AWARENE					
	SSABOUTD					
	HANAVRUK					
	SHA					
	FINANCIAL					
	SERVICES					
	PVT					
	LTDFINAN					
	CIALDERIV					
	ATIVESFUT					
	UREANDO					
	PTION					
	% of Total	.0%	.0%	.0%	9.3%	9.3%
Total	Count	52	58	22	18	150
	% within	34.7%	38.7%	14.7	12.0%	100.0
	OCCUPATI			%		%
	ON					

	% within	100.0	100.0	100.	100.0%	100.0
	AWARENE	%	%	0%		%
	SSABOUTD					
	HANAVRUK					
	SHA					
	FINANCIAL					
	SERVICES					
	PVT					
	LTDFINAN					
	CIALDERIV					
	ATIVESFUT					
	UREANDO					
	PTION					
	% of Total	34.7%	38.7%	14.7	12.0%	100.0
				%		%

Chi-Square Tests

	Value	Df	Asymp. Sig. (2-sided)
Pearson Chi-Square	352.208 ^a	12	.000
Likelihood Ratio	315.912	12	.000
Linear-by-Linear Association	134.274	1	.000
N of Valid Cases	150		

a. 8 cells (40.0%) have expected count less than 5.

The minimum expected count is 1.68.

Degree of Freedom= $(r-1) * (c-1)$

= $4*3= 12$

Calculated value = 352.208

Tabulated value = 21.026

$Z = Z_{cal} > Z_{tab}$

$Z= 352.208 > 21.026$

Hence, the Alternate hypothesis [H1] is accepted

INFERENCE:

Since the calculated value is greater than the tabulated value, we accept the alternate hypothesis and hence there is a relationship between the occupation and awareness about Dhanavruksha Financial Services Pvt Ltd financial derivatives future and option.

4.3 ONE-WAY ANOVA CLASSIFICATION

Null hypothesis (Ho):

There is a significance difference between the broking firms before starting trading in equity derivatives and influenced to invest in Dhanavruksha Financial Services Pvt Ltd financial derivatives future and option.

Alternate hypothesis (H1):

There is no significance difference between the broking firms before starting trading in equity derivatives and influenced to invest in Dhanavruksha Financial Services Pvt Ltd financial derivatives future and option.

Descriptives

BROKING FIRMS BEFORE STARTING TRADING IN EQUITY
DERIVATIVES

	N	Mean	Std. Deviation	Std. Error	95% Confidence Interval for Mean		Minimum	Maximum
					Lower Bound	Upper Bound		
Friends	32	1.00	.000	.000	1.00	1.00	1	1
Relative s	16	1.00	.000	.000	1.00	1.00	1	1
Media	58	1.00	.000	.000	1.00	1.00	1	1
Brokers	38	1.84	.370	.060	1.72	1.96	1	2

Others	6	2.00	.00	.00	2.00	2.00	2	2
Total	15	1.25	.43	.03	1.18	1.32	1	2
	0		6	6				

Test of Homogeneity of Variances

BROKINGFIRMSBEFORESTARTINGT

RADINGINEQUITYDERIVATIVES

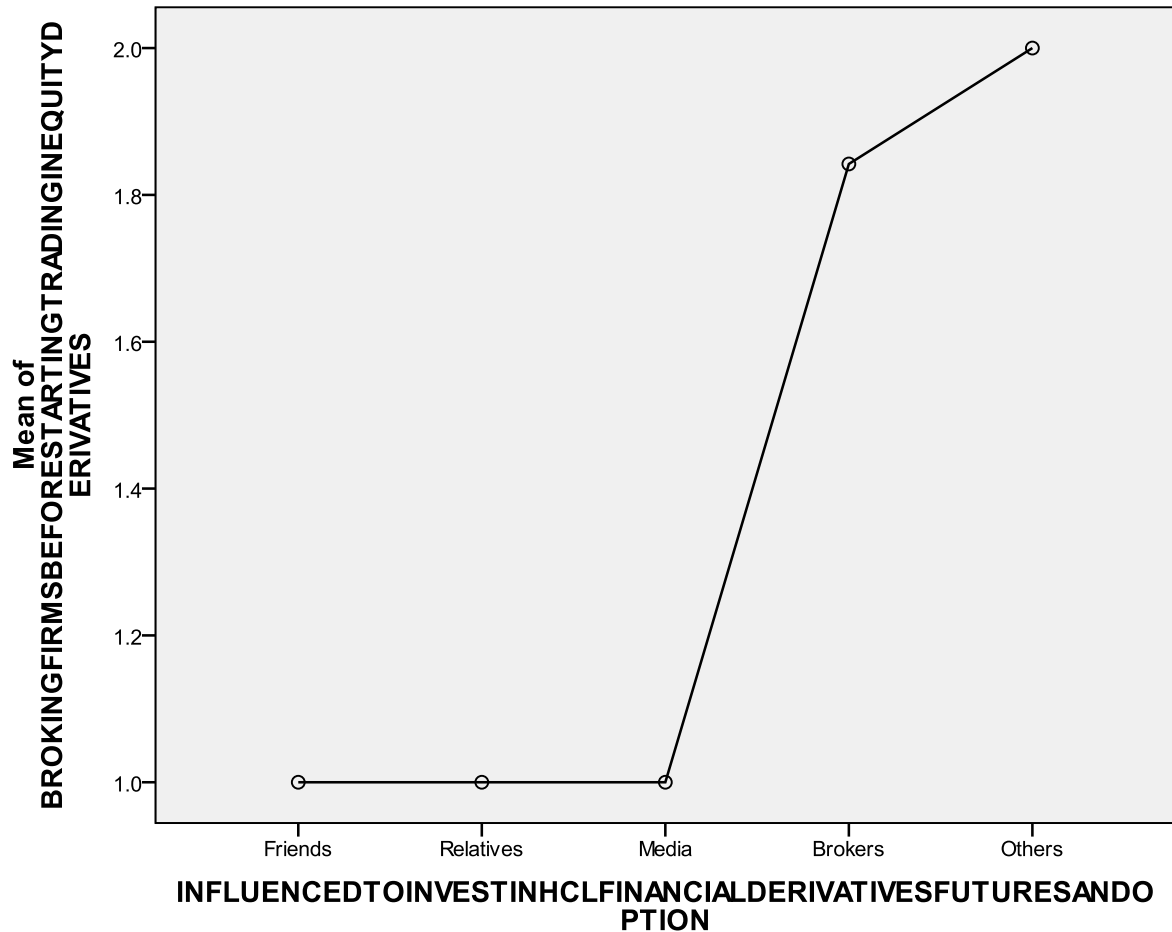
Levene Statistic	df1	df2	Sig.
30.750	4	145	.000

ANOVA

BROKINGFIRMSBEFORESTARTINGTRADINGINEQUITYDERIVATI

VES

	Sum of Squares	Df	Mean Square	F	Sig.
Between Groups	23.321	4	5.830	167.314	.000
Within Groups	5.053	145	.035		
Total	28.373	149			



Tabulated value = 3.32

Calculated value = 167.314

$F = F_{cal} > F_{tab}$ $F = 167.314 > 3.32$

Hence, the Alternate hypothesis [H1] is accepted.

INFERENCE:

The calculated value of F is greater than the tabulated value. Hence, we reject the null hypothesis and conclude that there is no significance difference between the broking firms before starting trading in equity derivatives and influenced to invest in Dhanavruksha Financial Services Pvt Ltd financial derivatives future and option.

4.4.ANALYSIS USING KARL PEARSON'S CORRELATION

Correlation analysis is the statistical tool used to measure the degree to which two variables are linearly related to each other. Correlation measures the degree of association between two variables.

Null hypothesis (H0):

There is positive relationship between the employee risk perception about Dhanavruksha Financial Services Pvt Ltd financial derivatives and employees risk is most concern in the equity derivative market.

Alternate hypothesis (H1):

There is negative relationship between the employee risk perception about Dhanavruksha Financial Services Pvt Ltd financial derivatives and employees risk is most concern in the equity derivative market.

Correlations

		EMPLOYEE RISK PER CEPTION ABOUT DHANAVRUK SHA FINANCIAL SERVICES PVT LTD FINANCIAL DERIVATIVES	EMPLOYEE RISK IS MOST CONCERN IN THE EQUITY DERIVATIVE MARKET
EMPLOYEE RISK PER CEPTION ABOUT DHANAVRUK SHA	Pearson Correlation Sig. (2-tailed)	1	.939** .000

FINANCIAL SERVICES PVT LTD FINANCIAL DERIVATIVES	N	150	150
EMPLOYEES RISK IS MOST CONCERN IN THE EQUITY DERIVATIVE MARKET	Pearson Correlation	.939**	1
	Sig. (2-tailed)	.000	
	N	150	150

** . Correlation is significant at the 0.01 level (2-tailed).

$$r = \frac{N \sum XY - \sum X \sum Y}{\sqrt{N \sum X^2 - (\sum X)^2} \sqrt{N \sum Y^2 - (\sum Y)^2}}$$

$$r = .939$$

INFERENCE:

Since r is positive, there is positive relationship between the employee risk perception about Dhanavruksha Financial Services Pvt Ltd financial derivatives and employees risk is most concern in the equity derivative market.

CHAPTER 5- FINDINGS,SUGGESTION,CONCLUSION

5.1.FINDINGS

- Most of the respondents are in the age group of 22 to 30 years.
- Most of the respondents are Male.
- Most of the respondents are Under Graduates
- Most of the respondents are Students.
- Most of the respondents are earning Less Than 10,000.
- Most of the respondents are Medium awareness about DHANAVRUKSHA FINANCIAL SERVICES PVT LTD financial derivatives future and option.
- Most of the respondents are YES undergone any training in derivatives from NSE, BSE or broking firms before starting trading in equity derivatives.
- Most of the respondents are More than 1 Year but less than 2 years experience in equity derivatives market.
- Most of the respondents are Contracts expiring in above 12 months.
- Most of the respondents are Strongly Agree DHANAVRUKSHA FINANCIAL SERVICES PVT LTD financial derivatives future and option are a great way to let your money grow.
- Most of the respondents are hedging preferred trading activity in the equity derivatives segment.
- Most of the respondents are invest in Equity derivatives markets.
- Most of the respondents are Highly Risky perception about DHANAVRUKSHA FINANCIAL SERVICES PVT LTD financial derivatives future and option.
- Most of the respondents are Market Risk is concern in the equity derivative market to you today.
- Most of the respondents are Strongly Agree Market is Ripe Now for Other Complex Products in Derivatives.

- Most of the respondents are Media influenced to invest in DHANAVRUKSHA FINANCIAL SERVICES PVT LTD financial derivatives futures.
- Most of the respondents are to a great extent DHANAVRUKSHA FINANCIAL SERVICES PVT LTD financial derivatives fulfill your objective of maximizing the return from the investment.
- Most of the respondents are Grew at very fast pace growth of the trading in DHANAVRUKSHA FINANCIAL SERVICES PVT LTD equity derivatives futures and option segment in india.
- Most of the respondents are Neutral minimum contract size value is RS. 2 lacs. employees there should be reduction in contract size for stock and index derivatives contracts to get larger participation.
- Most of the respondents are Neutral physical delivery settlement for DHANAVRUKSHA FINANCIAL SERVICES PVT LTD equity derivatives.

5.2. SUGGESTIONS

❖ **Investment in real estate:**

Mutual fund is allowed to invest in real estates. Real estates gives higher profit & there by enables the investors in DHANAVRUKSHA FINANCIAL SERVICES PVT LTD Financial Derivatives to get higher returns for their investment. SEBI must allow DHANAVRUKSHA FINANCIAL SERVICES PVT LTD Financial Derivatives to invest either directly in real estate business or invest in companies shares that do real estate business.

❖ **Higher awareness among investors:**

Mutual fund companies should bring greater awareness in the investors mind about their different schemes. Since the bank interest rates are falling, the mutual

fund companies must bring awareness among investors about their products & enable the investors to get a better return for their investments.

❖ **Tax rebate for investing in mutual fund:**

Tax rebate should be provided to the investor for investing in mutual fund so as to encourage them to invest in DHANAVRUKSHA FINANCIAL SERVICES PVT LTD Financial Derivatives apart from ELSS.

❖ **Innovative products or funds:**

Mutual fund companies must create innovative funds for the investor keeping in mind the investment period of the investor. For e.g.: Standard chartered mutual fund offered medium term plan for the investor which gives a better return when the investor looks for a investment period of 6 months – 1years.

5.3.LIMITATIONS OF THE STUDY

❖ Only 150 customers of DHANAVRUKSHA FINANCIAL SERVICES PVT LTD Financial Derivatives Futures and option from Chennai were selected for the study because only the investors in Financial Derivatives Futures and option with sufficient knowledge about various forms of investment will be able to make a comparison between them.

❖ Lack of time because of which some of the information could not be collected.

❖ Unwillingness & Bias from the part of respondents limits the coverage of the Study.

5.4.CONCLUSION

The study on investor's perception towards the DHANAVRUKSHA FINANCIAL SERVICES PVT LTD Financial Derivatives enables us to find over other investments plans, level, structure, benefits and superiority of DHANAVRUKSHA FINANCIAL SERVICES PVT LTD Financial Derivatives level compare with other investments and mutual funds. This study constitute a sample of 250 different kinds of investors they diversification of investment plans, opinion of the investors has been collected through structured questionnaire and study confined to the area of different areas in Chennai. Most of the investors have very good knowledge about DHANAVRUKSHA FINANCIAL SERVICES PVT LTD Financial Derivatives investment and other investment plan and they are satisfied with the returns and with the performance of the investments scheme. Very easily long term and short term wealth can be created and investors are aware of that and this is a scheme which is disciplined and it gives good return and it protects the investors when the market falls.

Conclusion is that almost all the investors are satisfied with the returns and with the performance of the schemes. Based on the findings and analysis it can be concluded that the investors are satisfied with the returns and performance of DHANAVRUKSHA FINANCIAL SERVICES PVT LTD Financial Derivatives superiority and over other investments plan from other mutual fund companies.

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WEBSITES:

❖ www.amfifndia.com

❖ www.iepindia.com

❖ www.mutualfundsindia.com

ANNEXURE QUESTIONNAIRE

DEMOGRAPHIC DETAILS:

1. Age

- ☐ Below 20
- ☐ 22 to 30
- ☐ 30 to 40
- ☐ 40 to 50
- ☐ Above 50

2. Gender

- ☐ Male
- ☐ Female

3. Education qualification

- ☐ Under graduate
- ☐ Post graduate
- ☐ Professional
- ☐ HSC/SSLC

4. Occupation

- ☐ Student
- ☐ Own Business
- ☐ Private employee
- ☐ Govt employee
- ☐ Others, please specify_____

5. Monthly Income

- ☐ Less than 10000
- ☐ 10000 to 25000
- ☐ 25000 to 50000
- ☐ 50000 to 1 lac
- ☐ Above 1 lac

6. Your awareness about DHANAVRUKSHA FINANCIAL SERVICES PVT LTD Financial Derivatives future and option is

- ☐ High
- ☐ Medium
- ☐ Low
- ☐ Not aware

7. Have you undergone any training in derivatives from NSE, BSE or Broking Firms before starting trading in equity derivatives?

- a. Yes
- b. No

8. What is your experience in Equity Derivatives Market]

- a. Zero days to 1 Year
- b. More than 1 Year but less than 2 Years
- c. More than 5 years but less than 10 Years
- d. More than 10 Years

9. What periodicity of contracts do you normally prefer to invest in?

- a. Contracts expiring in 1 Month
- b. Contracts expiring in 2-6 Months
- c. Contracts expiring in 6-12 Months
- d. Contracts expiring in above 12 months

10. DHANAVRUKSHA FINANCIAL SERVICES PVT LTD Financial Derivatives future and option are a great way to let your money grow?

- a. Strongly agree
- b. Agree
- c. Neutral
- d. Disagree
- e. Strongly Disagree

11. Which is your most preferred trading activity in the equity derivatives segment?

- a. Hedging
- b. Speculation
- c. Arbitrage

12. You invest in which derivatives markets?

- a. Equity
- b. Currency
- c. Commodity

13. What is your risk perception about DHANAVRUKSHA FINANCIAL SERVICES PVT LTD Financial Derivatives Future and option?

- a. High risky
- b. Risky
- c. Less Risky
- d. Safe
- e. Very Safe

14. Which risk is of most concern in the equity derivative market to you today?

- a. Systematic risk
- b. Operational Risk
- c. Liquidity Risk
- d. Market Risk/Price risk/Potential Loss Risk
- e. Settlement risk
- f. Credit Risk/Counterparty Default risk
- g. Legal Risk

15. Market is ripe now for other complex products in derivatives like exotic derivatives, structured products, ETF derivatives, interest rate options etc?

- a. Strongly agree
- b. Agree
- c. Neutral
- d. Disagree
- e. Strongly Disagree

16. Who influenced you to invest in DHANAVRUKSHA FINANCIAL SERVICES PVT LTD Financial Derivatives Futures and option?

- a. Friends
- b. Relatives
- c. Media
- d. Brokers
- e. Others

17. Does the DHANAVRUKSHA FINANCIAL SERVICES PVT LTD Financial Derivatives fulfill your objective of maximizing the return from the investment?

- a. To a great extent
- b. To some extent
- c. Does not fulfill

18. What do you think about the growth of the trading in DHANAVRUKSHA FINANCIAL SERVICES PVT LTD Equity Derivatives Futures and option segment in India?

- a. Grew at very fast pace
- b. Growth was moderate
- c. Growth was slow

19. Minimum contract size value is Rs. 2 lacs. Do you think there should be reduction in contract size for stock and index derivatives contracts to get larger participation?

- a. Strongly agree
- b. Agree
- c. Neutral
- d. Disagree
- e. Strongly Disagree

20. Both the exchanges should start the physical delivery settlement for DHANAVRUKSHA FINANCIAL SERVICES PVT LTD equity derivatives

- a. Strongly agree
- b. Agree
- c. Neutral
- d. Disagree

e. Strongly Disagree

21. Any suggestions to improve the DHANAVRUKSHA FINANCIAL SERVICES
PVT LTD Financial Derivatives future and option?
