Name of the Programme : **MBA (Financial Services)**
Course Code : **MGF-601**
Course Title : **Derivatives Market**
Number of Credits : **4**
Effective from AY : **2022-23**

Pre-requisites for the Course:	**NIL**	
Course Objectives:	To equip learners with knowledge of derivative products and build skills to apply derivative instrument strategy in management of risk and exploiting profitable trading opportunities.	
Content:	**Unit 1** **Introduction to Financial Derivatives** Introduction, Need and Scope, economic benefits of derivatives, Types, Features, Functions, Factors contributing to the growth of derivatives, Exchange traded versus OTC derivatives, traders in derivativesmarkets, Financial Derivatives Market in India, Regulatory system of Derivative markets in India, trading mechanism of Derivatives on BSE and NSE. Brief overview of currency, interest rate and commodity derivatives. **Unit 2** **Financial Futures and Forwards** *Futures:* Evolution, Functions, Trading Mechanism, Specifications of Contracts, Clearing House,Operations of Margins, Settlement Procedures and Types, Pricing of Futures, Cost of Carry and Reverse Cost of Carry, Futures and Forwards, Index Futures, Currency Futures, Interest Rate Futures, Hedgingusing Futures, Arbitrage and Speculation Opportunities. **Unit 3** **Financial Options** Types, Pay-offs, Moneyness of Options, Trading mechanism, factors impact the Option Price, *Option Pricing Models*: Put –Call Parity Model, Binomial Option Pricing Model, Black and Scholes Model. Sensitivities of Option Price, Option trading strategies. **Unit 4** **Commodity Derivatives** History of Commodity Trading- Derivatives Trading in Commodities- Types of commodities - Commodity Exchanges in India, International Commodity Exchanges, Commodity Future Pricing – Investment assets vs. Consumption assets, Pricing of Futures – Carrying cost, convenience yield, futurebasis, Payoff for futures. Commodity Future Applications – Futures for the hedger, Futures for the speculator, Futures for the arbitrageur.	**15 Hours** **15 Hours** **15 Hours** **15 Hours**
Pedagogy:	ICT enabled Classroom teaching/ Case study/ Practical /assignment/Interactive class room discussions	
References/ Readings:	1. Vohra, N. and Bagri, B. (2017). *Futures and Options.* Tata McGrawHill, New Delhi. 2. Hull, J. (2016) *Fundamentals of Futures and Options Market*.Pearson Education, New Delhi. 3. Chance, D. and Brooks, R. (2013). *Introduction to Derivatives andRisk management.* Thomson Learning. 4. Patwari, D. (2000). *Options and Futures in an Indian Perspective*.Jaico	

	Publishers. 5. Mahajan, R. (2007). *Futures and Options.* Vision Books Pvt Ltd,New Delhi. Swain, P. K. (2011). *Fundamentals of Derivatives*, Himalaya Publishing House, New Delhi.
Course Outcomes:	Upon completion of this course, students will be able to: **CO1.** Explain the features and purpose of using variety of derivativesin capital and commodity markets. **CO2.** Describe the mechanism of derivatives trading and variousapproaches of pricing of derivative instruments. **CO3.** Demonstrate analytical and problem-solving skills in applyingderivative for managing risk and generate profit opportunities. **CO4.** Demonstrate ability to trade in commodity derivative products.

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