# Investors' Perception on Derivatives Market, Indications from Derivatives Market in India with Special References to Dharmapuri District

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**ABSTRACT**

*Derivatives are new segment of secondary market operation in India. The measure of this trade are complex, making it hard for Indian investors to understand and also to make profit in derivatives trading. This study aims to measure the investors' perception towards Derivatives market with reference to Dharmapuri district. This research is a descriptive research study, in which, systematic sampling technique is used. Trail survey is used to select the sample size, validity and reliability of the instrument. 150 samples are selected for this study. Major findings of this study include, age has significant impact on investment, and educational qualification has significant impact on tax advantages. 118 functional variables are used in this study to measure investors' perception. These variables have 72% impact on measuring investor perception. Charges, liquidity and investment attributes are mediating factor for investors' perception. Investment influences and investment benefits are having high relevance.*

## Introduction

The securities market has witnessed a superfluity of reforms which have refined the micro market structure, modernized operation and broadened investment choice for investors. Derivatives are new class of investment invention which offers sophisticated management of risk. Financial markets are characterized by a high degree of volatility. Derivative product are used to contain the risk arising out of the fluctuations in asset price, which partially or fully transfer price risk by locking in asset prices, derivative invention initially emerged as hedging devices against fluctuations in commodity prices. Financial derivatives came into the spotlight only in the 1970s. In India, trading in derivatives commenced in June 2000 with index futures on NSE. The market regulator Securities and Exchange Board of India (SEBI), has been taking active steps to increase liquidity in the available contracts to make the market more robust and viable for all kinds of investors. Now derivatives market performs number of monetary function. Derivative contract have several variants the most common are forwards, futures, options and swaps. The derivative products that are available in India are index futures, index options, stock futures and stock options. The SEBI has permitted derivative segments in only two stock exchange that is National Stock Exchanges (NSE) and Bombay Stock Exchanges (BSE), and their clearing corporation/house to commence trading and settlement in approved derivative contract. Trading in S&P CNX NIFTY and BSE – 30 (SENSEX) future commenced in June 200, Index option in June 2001, options on individual securities in July 2001 and future in September 2001.Thirty one individual scrips have been approved by the SEBI for trading in derivative segments. There are three broad categories of participants, hedger, speculator and arbitrageur.

When it comes to money and investing , we are not always as sensibly as we think we are – that is why there is a whole field of study that explains our sometimes- strange behavior. Derivative Markets serves as risk reducing tool. It promotes economic efficiency by directing funds from those who do not have an immediate use for these funds to those who are in need of funds. It also channels money provided by savers and depository institutions to borrowers and investees through a variety of derivative instruments like future options, forward and swap.

## Statement of the problem

Derivative are new segment of secondary market operation in India so investors need to understand the complex nuance of this trade and to make profit in derivatives trading this is not reached to small investor. Technological enablement and rapid growth of derivative market since the new economic policy of 1991 has given more importance to investors. Investor behaviour also tend to move into savings to investment, More number of brokers also entered into the capital market due to the liberalized regulation in capital market. Brokers are providing number of services under single umbrella to the investors based on their need. So, this study aims to discover that how these services are perceived by the investors and how these services are utilized by the investors.

## Objectives of the study

➢ The researcher will identify and evaluate the dynamics influencing investors' perception towards investment decision on derivatives market.
➢ To study Investors objective and preferred type of instrument
➢ To identify Investors opinion on derivatives market
➢ To study the Factors influence trade in derivative instrument

## Review of the literature

Shanmnga Sundaram V (2011) examined the impact of behavioural dimensions of investors in Capital market and found that investor decisions are influenced by psychological factors as well as behavioural dimensions and this psychological effect is created by the fear of losing money, sudden decline in stock indices, greed and lack of confidence about their decision making capability.

Lovric M. *et al*., (2008), presented a description model of individual investor behaviour in which investment decisions are seen as an iterative process of interactions between the investor and the investment environment. The investment process was influenced by a number of interdependent variables. They suggested that this conceptual model can be used to build stylized representations of individual investors and further studied using the paradigm of agent-based artificial financial markets.

Szyska Adam (2008) analysed how investors' psychology changes the vision of financial markets and discussed the consequences of the new view of finance by capital market practitioners-investors, corporate policy makers and concluded with some thoughts on the future development of the capital market theory.

Hvidkjaer S (2008) analysed the relationship between retail investor trading behaviour and the cross section of future stock returns. The result suggests that stocks favoured by retail investors subsequently experience prolonged underperformance relative to stock out of favour with them. This results link the systematic component of retail investor behaviour to future returns, i.e., informed investors might begin selling stocks that they believe to be overvalued. The overvaluation that these investors perceived could be driven by changes in firms fundamental values.

Gerela.S.T. and Balsara. K.A (2001) reviewed the risk management system at the Bombay Stock Exchange (BSE). They reported that the BSE has strengthened the risk management measures to maintain the market integrity. The introduction of the modified carry forward system, coupled with the Bombay Online Trade (BOLT) expansion to cities all over India, has led to a significant increase in the liquidity and volumes at the exchange. As a consequence, the risk management function at the BSE has assumed greater importance.

Jhaveri explained how the wide variety of options strategies can be used to manage risk and to increase returns. According to Choksey, contract Rs 200000 in size, uncertainty over tax treatment, high margin requirement, high transaction cost and unhealthy competition among brokers are emerging challenges in derivative trading in India

## Research methodology

Primarily this type of research is descriptive in nature. Descriptive research includes surveys and fact-finding enquiries of different kinds. The major purpose of descriptive research is description of the state of affairs as it exists at present. The population size in this research is very large number of investors and changing time to time. Sample size calculated by using population mean through trail survey. Finally, 150 sample where collected based on the nature of population. Systematic sampling is used in this research. The researcher selected every 5th investors from the Angel broking office in Bangalore . Data were collected from September and October, 2012.

Primary and secondary data is used in this research. Researcher used questionnaire for collecting the primary data from the investor. Secondary data is collected from various journals, books, magazines, websites and trade magazines for previous researches so that the research gap can be identified and filled though this research.

## Research hypothesis

$H_0$: There is no significant difference among the variables. If the '$p$' value is more than .05, it is more significance level so it will rejected province. Hence it is conferred that there is no significant association between variable

$H_1$: There is significant difference among the variables. If the '$P$' value is less than .05, it is less than of significance level accepted province. Hence it is conferred that there is significant association between variable.

## Data Analysis And Interpretation

**Table 1 Chi-square test for testing the significance among the variables**

| Sl. No | Comparison of Variables | Chi-square value | D.f. | P value | Sig. |
|---|---|---|---|---|---|
| 1 | Educational qualification and transparency of derivatives market transaction | 14.80 | 16 | 0.01 | Sig. |
| 2 | Educational qualification and convenience of investment derivatives market | 19.15 | 16 | 0.09 | Insig. |
| 3 | Educational qualification and quick delivery and settlement in Derivatives market | 17.80 | 16 | 0.09 | Insig. |
| 4 | Educational qualification and rate of return in derivatives market | 17.96 | 16 | 0.08 | Insig. |
| 5 | Educational qualification and tax advantage in derivatives market | 29.90 | 16 | 0.02 | Sig. |
| 6 | Educational qualification and liquidity in derivative market | 14.90 | 16 | 0.06 | Insig. |
| 7 | Educational qualification and image and popularity of the company in derivative market | 13.12 | 16 | 0.08 | Insig. |
| 8 | Educational qualification and past performance of the company in derivative market | 17.40 | 16 | 0.00 | Sig. |
| 9 | Educational qualification and transparency of transaction in future & option | 19.66 | 16 | 0.07 | Insig. |
| 10 | Educational qualification and convenience of investment in future & option | 22.67 | 16 | 0.08 | Insig. |
| 11 | Educational qualification and quick delivery and settlement in future & option | 22.23 | 16 | 0.08 | Insig. |
| 12 | Educational qualification and rate of return in future & option | 15.46 | 16 | 0.08 | Insig. |
| 13 | Educational qualification and tax advantage in future & option | 18.52 | 16 | 0.07 | Insig. |
| 14 | Educational qualification and liquidity in future & option | 20.32 | 16 | 0.07 | Insig. |
| 15 | Educational qualification and image and popularity of the company in future &option | 21.30 | 16 | 0.06 | Insig. |
| 16 | Educational qualification and past performance of the investment in future & option | 19.33 | 16 | 0.06 | Insig. |
| 17 | Occupation and risk and uncertainty in cash market | 23.09 | 16 | 0.06 | Insig. |
| 18 | Occupation and investment pattern in derivatives market | 25.04 | 16 | 0.00 | Sig. |
| 19 | Occupation and size of investment in derivatives market | 20.21 | 16 | 0.07 | Insig. |
| 20 | Occupation and changes of lifestyle in derivatives market | 27.91 | 16 | 0.11 | Insig. |
| 21 | Occupation and thrift of savings in derivatives market | 19.02 | 16 | 0.72 | Insig. |
| 22 | Occupation and grievances of investors in derivatives market | 13.89 | 16 | 0.091 | Insig. |
| 23 | Occupation and services of the stock broker in derivatives market | 6.22 | 16 | 0.04 | Sig. |
| 24 | Occupation and advertisement campaign in derivatives market | 15.00 | 16 | 0.15 | Insig. |
| 25 | Occupation and risk and uncertainty in future & option | 20.82 | 16 | 0.03 | Sig. |
| 26 | Occupation and investment pattern in future & option | 21.93 | 16 | 0.58 | Insig. |
| 27 | Occupation and size of investment in future & option | 19.49 | 16 | 0.04 | Sig. |
| 28 | Occupation and changes of lifestyle in future & option | 11.56 | 16 | 0.42 | Insig. |
| 29 | Occupation and thrift of savings in future & option | 11.39 | 16 | 0.25 | Insig. |
| 30 | Occupation and grievances of investors in future & option | 22.07 | 16 | 0.32 | Insig. |
| 31 | Occupation and services of the stock broker in future & option | 24.06 | 16 | 0.01 | Sig. |
| 32 | Occupation and advertisement campaign in future & option | 22.41 | 16 | 0.87 | Insig. |
| 33 | Age and cash market | 29.09 | 12 | 0.00 | Sig. |
| 34 | Age and future & option | 10.92 | 12 | 0.01 | Sig. |
| 35 | Age and commodity trading | 12.50 | 9 | 0.36 | Insig. |
| 36 | Age and wholesale debt market | 11.81 | 12 | 0.66 | Insig. |
| 37 | Age and mutual fund | 9.62 | 9 | 0.31 | Insig. |
| 38 | Age and life insurance | 25.71 | 9 | 0.01 | Sig. |

The above table describes that the relationship among the variables. It is used to find out the influencing variables to determine the investor behaviour towards investment in derivatives market. Educational qualification has influence on transparency of transaction, tax advantage, past performance of the investment in derivatives market. The educated people have the knowledge of the derivative market. Occupation has significant influence on investment pattern, services of the stock broker, risk and uncertainty in future & option, and size of investment in future & option. And also Occupation has significant influence on services of the stock broker in future & option. Age is important variables having significant influence in over view of derivatives market and derivatives instruments future & option, and life insurance products. These variables are having significant influence on investor behavior on derivatives market.

**Table 2 Calculation of sampling adequacy and sampling significance**

| KMO | 0.650 |
|---|---|
| Bartlett's Test of Sphericity (Approx. Chi-Square) | 477.232 |
| D.f. | 253 |
| Significance | .000 |

KMO Measure of Sampling Adequacy test is used for the level of reliability of the collected data. In this study KMO value is.650. It shows that good validity for doing factor analysis. Bartlett's Test of Sphericity is used to measure the inter significance of sampling. The table 2 also infers that the p value is 0. So there is a significant relationship among the components and it is a better model fit for doing factor analysis.

**Explanatory Factor Analysis Table 3**
Variable loading for investment influences on derivative instruments

| Name of the Variables | Mean |
|---|---|
| Level of satisfaction | 3.83 |
| Transaction charges for delivery mode | 3.55 |
| Annual maintenance charges | 3.71 |
| Demat account opening charges | 3.86 |
| Transaction over phone calls from investors | 3.70 |
| Accuracy of tips | 3.18 |
| Satisfaction level with service staff | 3.52 |
| Rate of return in wholesale debt market | 2.33 |
| Rate of return in mutual fund | 2.34 |
| Rate of return in life insurance | 2.82 |
| Tax advantage in wholesale debt market | 2.38 |
| Tax advantage in mutual fund | 2.21 |
| Tax advantage in life insurance | 2.83 |
| Liquidity in derivatives market | 3.45 |
| Liquidity in future & option | 3.04 |
| Liquidity in commodity trading | 2.83 |
| Thrift of savings in wholesale debt market | 2.24 |
| Advertisement campaign in capital market | 3.10 |
| Image and popularity of the company in mutual fund | 2.26 |
| Image and popularity of the company in life insurance | 2.62 |
| Past performance of the company in wholesale debt market | 2.43 |
| Past performance of the company in mutual fund | 2.40 |

| Past performance of the company in life insurance | 3.04 |
|---|---|
| Risk and uncertainty in future and option | 2.91 |
| Investment pattern in mutual fund | 2.36 |
| Mean score for investment influence on derivatives market | 2.78 |
| Eigen value | 22.84 |
| Variance | 19% |
| Reliability (Cronbach's Alpha) | .957 |

Variables extracted from the rotated component matrix under Varimax technique. Factor 1 is labeled as investment influence. This factor influence about 19% to the investor behavior on derivatives market. This construct is having .957 i.e. 95.7% of the study is reliable on the instrument for quantifying investment influences.

**Explanatory factor analysis Table 4 Variable loading for investment convenient**

| Name of the Variables | Mean |
|---|---|
| Commodity transaction charges | 3.80 |
| Transparency of transaction in wholesale debt market | 1.84 |
| Convenience of investment in future & option | 2.73 |
| Convenience of investment in commodity trading | 2.73 |
| Convenience of investment in wholesale debt market | 2.28 |
| Convenience of investment in mutual fund | 2.13 |
| Convenience of investment in life insurance | 2.81 |
| Quick delivery and settlement in cash market | 3.17 |
| Quick delivery and settlement in future & option | 2.43 |
| Quick delivery and settlement in commodity trading | 2.61 |
| Changes of lifestyle in cash market | 2.92 |
| Changes of lifestyle in mutual fund | 1.81 |
| Changes of lifestyle in life insurance | 2.38 |
| Grievances of investors in cash market | 3.01 |
| Grievances of investors in future & option | 2.47 |
| Grievances of investors in commodity trading | 2.38 |
| Services of the stock broker in cash market | 3.12 |
| Services of the stock broker in commodity trading | 2.71 |
| Advertisement campaign in wholesale debt market | 2.03 |
| Advertisement campaign in life insurance | 2.66 |
| Image and popularity of the company in future & option | 2.97 |
| Image and popularity of the company in commodity trading | 2.64 |
| Risk and uncertainty in commodity trading | 2.83 |
| Investment pattern in wholesale debt market | 2.46 |
| Investment pattern in life insurance | 2.85 |

| Mean score for investment Convenient | 2.61 |
|---|---|
| Eigen value | 12.12 |
| Variance | 10% |
| Reliability (Cronbach's Alpha) | .791 |

Variables extracted from the rotated component matrix under Varimax technique. Factor 2 is labeled as convenient investment. This factor influence about 10% to the investor behaviour. This construct is having .791 i.e. 79.1% of reliability of the instrument for measuring investors investment convenient on derivative market.

**Explanatory factor analysis Table 5  Variable loading for investment benefits**

| Name of the Variables | Mean |
|---|---|
| Transparency of transaction in mutual fund | 1.81 |
| Transparency of transaction in life insurance | 2.31 |
| Quick delivery and settlement in wholesale debt market | 2.16 |
| Quick delivery and settlement in mutual fund | 1.86 |
| Quick delivery and settlement in life insurance | 2.51 |
| Rate of return in cash market | 3.44 |
| Tax advantage in cash market | 3.25 |
| Liquidity in wholesale debt market | 2.07 |
| Changes of lifestyle in commodity trading | 2.35 |
| Changes of lifestyle in wholesale debt market | 1.88 |
| Thrift of savings in commodity trading | 2.35 |
| Past performance of the company in commodity trading | 2.52 |
| Risk and uncertainty in cash market | 3.41 |
| Risk and uncertainty in wholesale debt market | 2.14 |
| Risk and uncertainty in mutual fund | 2.28 |
| Investment pattern in cash market | 3.39 |
| Investment pattern in future & option | 2.83 |
| Investment pattern in commodity trading | 2.62 |
| Means score for investment benefit | 2.51 |
| Eigen value | 11.07 |
| Variance | 10% |
| Reliability Statistics (Cronbach's Alpha) | .878 |

Variables extracted from the rotated component matrix under varimax technique. Factor 3 is labeled as investment benefit. This factor influence about 10% to the investor behaviour. This construct is having .878 i.e. 87.8% of reliability of the instrument for measuring investment benefits. The investors will benefits is more on derivatives market.

**Explanatory factor analysis Table 6 Variable loading for service satisfaction**

| Name of the Variables | Mean |
|---|---|
| Future & option transaction charges | 3.70 |
| Charges for mutual fund | 3.55 |
| Tips provided by the research team of stock broker | 3.21 |
| Cash market | 3.77 |
| Size of investment in mutual fund | 2.11 |
| Size of investment in life insurance | 2.54 |
| Thrift of savings in future & option | 2.43 |
| Grievances of investors in wholesale debt market | 2.00 |
| Grievances of investors in mutual fund | 1.88 |
| Grievances of investors in life insurance | 2.43 |
| Services of the stock broker mutual fund | 2.10 |
| Services of the stock broker life insurance | 2.63 |
| Advertisement campaign in future & option | 2.74 |
| Advertisement campaign in commodity trading | 2.68 |
| Size of investment in future & option | 2.99 |

| | |
|---|---|
| Size of investment in commodity trading | 2.89 |
| Size of investment in wholesale | 2.17 |
| Image and popularity of the company in wholesale debt market | 2.28 |
| Mean score for service satisfaction | 2.67 |
| Eigen value | 9.38 |
| Variance | 8% |
| Reliability Statistics (Cronbach's Alpha) | .822 |

Variables extracted from the rotated component matrix under varimax technique. Factor 4 is labeled as service satisfaction. This factor influence about 8% to the investor behaviour. This construct is having .822 i.e. 82.2% of reliability of the instrument for measuring derivatives market service satisfaction.

**Explanatory factor analysis Table 7 Variable loading for client service**

| Name of the Variables | Mean |
|---|---|
| Allocation and maintenance charges for life insurance | 3.62 |
| Transparency of transaction in future & option | 2.49 |
| Transparency of transaction in commodity trading | 2.66 |
| Image and popularity of the company in cash market | 3.63 |
| Thrift of savings in mutual fund | 2.17 |
| Services of the stock broker in future & option | 2.67 |
| Past performance of the company in cash market | 3.47 |
| Past performance of the company in future & option | 2.98 |
| Mean score for client service | 2.96 |
| Eigen value | 8.92 |
| Variance | 8% |
| Reliability Statistics (Cronbach's Alpha) | .741 |

Variables extracted from the rotated component matrix under varimax technique. Factor 5 is labeled as client service. This factor influence about 8% to the investor behaviour. This construct is having .741 i.e. 74.1% of reliability of the instrument for measuring client service.

**Explanatory factor analysis Table 8 Variable loading for Charges and Liquidity**

| Name of the Variables | Mean |
|---|---|
| Cash market transaction charges for intraday | 3.79 |
| Wholesale debt market charges | 3.23 |
| Satisfaction level with charges for transaction | 3.24 |
| Commodity trading | 4.05 |
| Wholesale debt market | 3.79 |
| Liquidity in mutual fund | 2.03 |
| Liquidity in life insurance | 2.57 |
| Mean score for charges and liquidity | 3.24 |
| Eigen value | 7.20 |
| Variance | 5% |
| Reliability Statistics (Cronbach's Alpha) | .634 |

Variables extracted from the rotated component matrix under varimax technique Factor 6 is labeled as charges and liquidity. This factor influence about 5% to the investor behaviour. This construct is having .634 i.e. 63.4% of reliability of the instrument for measuring charges and liquidity.

**Explanatory factor analysis Table 9 Variable loading for investment attributes**

| Name of the Variables | Mean |
|---|---|
| Confirmation of trading | 4.18 |
| Mutual fund | 2.75 |
| Thrift of savings in cash market | 3.26 |
| Size of investment in cash market | 3.22 |
| Risk and uncertainty in life insurance | 2.85 |

| | |
|---|---|
| Mean score for investment attributes | 3.25 |
| Eigen value | 6.54 |
| Variance | 5% |
| Reliability Statistics (Cronbach's Alpha) | .622 |

**V**ariables extracted from the rotated component matrix under varimax technique. Factor 7 is labeled as investment attributes. This factor influence about 5% to the investor behaviour. This construct is having .622 i.e. 62.2% of reliability of the instrument for measuring investment attributes.

Explanatory factor analysis Table 10 Variable loading for investment satisfaction of alternate choice

| Name of the Variables | Mean |
|---|---|
| Rate of return in future & option | 2.88 |
| Thrift of savings in life insurance | 2.82 |
| Services of the stock broker in wholesale debt market | 2.05 |
| Mean score for investment satisfaction of alternate choice | 2.58 |
| Eigen value | 5.60 |
| Variance | 4% |
| Reliability Statistics (Cronbach's Alpha) | .529 |

**V**ariables extracted from the rotated component matrix under varimax technique Factor 8 is labeled as satisfaction of alternate choices. This factor influence about 4% to the investor behaviour. This construct is having .529 i.e. 52.9% of reliability of the instrument for measuring satisfaction of alternate choices.

**Explanatory factor analysis Table 11 Variable loading for stock broker attitude**

| Name of the Variables | Mean |
|---|---|
| Exposure limit given by the stock broker | 2.88 |
| Future & option | 4.00 |
| Life insurance | 2.24 |
| Stock broker | 2.88 |
| Advertisement campaign in mutual fund | 1.96 |
| Mean score for stock broker attitude | 2.83 |
| Eigen value | 4.65 |
| Variance | 3% |
| Reliability (Cronbach's Alpha) | .532 |

Variables extracted from the rotated component matrix under varimax technique. Factor 9 is labeled as stock broker attitude. This factor influence about 3% to the investor behaviour. This construct is having .532 i.e. 53.2% of reliability of the instrument for measuring stock broker attitude.

**Explanatory factor analysis Table 11 Variable loading for stock client attitude**

| Name of the Variables | Mean |
|---|---|
| Transparency of transaction in cash market | 3.10 |
| Convenience of investment in cash market | 3.03 |
| Tax advantage in future & option | 2.55 |
| Changes of lifestyle in future & option | 2.50 |
| Means score for client attitude | 2.79 |
| Eigen value | 3.43 |
| Variance | 3% |
| Reliability Statistics (Cronbach's Alpha) | .515 |

Variables extracted from the rotated component matrix under varimax technique. Factor 10 is labeled as client attitude. This factor influence about 3% to the investor behaviour. This construct is having .515 i.e. 51.5% of reliability of the instrument for measuring client attitude.

**Findings and Suggestions**

- Chi-square finds that Educational qualification has significant related with transparency of transaction in market, tax advantage in derivatives market, past performance of the company in derivatives market.
- Occupation has significant influence on investment pattern in derivatives market, services of the stock broker in derivatives market, risk and uncertainty in future & option, size of investment in future & option, services of the stock broker in future & option.
- Age has significant influential role on future & option, life insurance. These variables are having significant influence on investor behaviour. In this study KMO value is .650. It portrays that good validity for doing factor analysis. Bartlett's Test of Sphericity finds that there is a significant relationship among the components and it is a better model fit for doing factor analysis.
- Investment influence influenced about 19% to the investor behaviour. Convenient investment influenced about 10% to the investor behaviour. Investment benefit influenced about 9% to the investor behaviour.
- Service satisfaction influenced about 7% to the investor behaviour. Client service influenced about 7% to the investor behaviour. Charges and liquidity influenced about 5% to the investor behaviour.
- Factor 1 spectacles that, the defined variables has .957 i.e. 95.7% of reliability of the instrument for measuring influences investment on derivatives market.
- Factor 2 has .791 i.e. 79.1% of reliability of the instrument for measuring convenient of investors investment on derivatives market.
- Factor 3 the variable analysed indicate that it has .878 i.e. 87.8% of reliability of the instrument for measuring investment benefits. Which mean for investors has more benefits.
- Factor 4 delineate variables for derivatives market services has 0.822 i.e. 82.2% of reliability of the instrument for measuring service satisfaction of the investors.
- Factor 5 articulated variables has 0.741 i.e. 74.1% of reliability of the instrument for measuring client service which shows the positive sign of client services in the market.
- Factor 6 enunciated variable of the study has 0.634 i.e. 63.4% of reliability of the instrument for measuring charges and liquidity and 36.6% are feel that charges and liquidity of the market is not up to the mark because of external factors influences.
- Factor 7 shows that qualities of investment has .622 i.e. 62.2% of reliability of the instrument for measuring investment attributes, derivatives instrument has around 62.2% better qualities of their expected level and also the investors are expected to some change has to be done on

derivatives market instruments.

- Factor 8 spectacles the alternative choices of investment has .529 i.e. 52.9% of reliability of the instrument for measuring satisfaction of alternate choices.
- Factor 9 has .532 i.e. 53.2% of reliability of the instrument for measuring stock broker attitude and also the investors are expected stock brokers little friendly and transferences on trading aspect.
- Factor 10 monocles that client outlook has .515 i.e. 51.5% of reliability of the instrument for measuring client attitude, fatherly 48.5% clients are not popular among the new segment of derivative market process on stock market.
- Majority of the respondents were found to be in the age group of 31 to 40 years and graduates. Investment schemes couturier to the senior citizens need to be developed by derivatives market and capital market must educate and embolden senior citizens particularly.
- Further, capital market and intermediaries must spawn cognizance among the investors about derivative market trading mechanism, derivatives market instruments and also about the new technological developments impact of adopted in the capital market.
- Brokers should develop buoyancy among the clients to make online trade themselves through seminars, technical sessions, live programmes, etc. this in seizure helps to rally the standard and create consciousness about the risk hedging mechanism in new segment of derivatives market in India.

- Brokers should also make critical assessment of various types of risk based market trend and current macro-economic factors on full information collected through various sources and advise the clients in their best interest, not their interest only.
- As the brokers play a role of intermediation in the derivatives market, government should come forward with measures to provide, needed relief in the form of grants or aids to help them to improve their confident.

### Conclusion

Investor has enormous scope for current earnings and capital appreciation in incipient market like India. But this can be possible only if the elements like trust, guidance and regulations were exists progressively in the derivatives market among the brokers and investors. Now brokers have access to the best technique and tools due to technological developments and globalization, like, online trading software, online derivatives market information, etc. They should make the best use of the opportunities created by reforms and prizefight competitively on the issues affecting them. Moreover, they should make a uninterrupted interaction with the existing and proposed clients to attract more investors towards the derivatives market.

## REFERENCE

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