

**Objective:** this course exposes the students to the various concepts of Financial Derivatives and provides an in-depth study of various issues there under.

**Unit – I: Introduction to derivatives:** Introduction, features, types of derivatives, uses of derivatives, traders in derivatives market, factors contributing to the growth of derivatives-the regulatory frame working of derivatives trading in India.

**Unit – II: Forward market:** Introduction to Forward contract, features of forward contract, classifications of forward contracts, forward prices Vs. Future prices, forward trading mechanism (problems).

**Unit – III: Futures market, contracting and pricing:** Introduction, financial futures contracts, types of financial futures contracts, operators/traders in future market, future market trading mechanism, hedging concepts: Long, short, cross, interest rate and currency futures (problems).

**Unit – IV: Financial options:** Introduction, concept, types, distinction between option and futures contract, pricing models – Blackl Scholes Option pricing model – Binominal option pricing model (problems).

**Unit – V: Swap Market:** Introduction, concepts, nature, evolution, features and types of swaps interest rate swaps – currency swaps (problems).

**Recommended text book:**

1. S.L. Gupta, Financial Derivatives: Theory, concepts and problems, Prentice Hall of India.
2. Hull, John C, Options, Futures and other derivatives, prentice hall of India 7/e 2008.

**Reference books:**

1. Somanathan, Derivatives, Tata McGraw Hill
2. B.Mishra, Satya. S.Debasish, Financial, Derivatives, Excel.
3. Raghuram, Fundamentals of Financial Derivatives,