Table of Contents

TABLE OF CONTENTS

List of Tables

List of Figures

Chapter	Contents	P. No.
1.	Introduction to the Research	
1.1	Derivatives	1
1.2	Equity derivatives	2
1.3	Factors driving the growth of derivatives	2
1.4	Economic functions of the derivatives market	3
1.5	Global history and evolution of derivatives	3
1.6	Origin of the derivatives market in India	4
1.7	Products traded in the Indian equity derivatives market	6
1.8	Participants in the Indian derivatives market	8
1.9	Traders' success in the stock market	9
1.10	Factors that influence traders' success	13
1.11	Various risks faced by participants in the Indian derivatives market	17
1.12	India: the most speculative equity derivatives market in the world	18
1.13	Preference of derivatives market over cash segment by traders	19
1.14	Need for the research	20
1.15	Problem statement	22
1.16	Significance of the study	23
1.17	Objectives of the study	23
1.18	Scope of the study	23
1.19	Limitations of the study	23
2.	Review of Literature	
2.1	Studies on trading success	24
2.2	Studies on factors that influence trading success	26
2.2.1	Studies on demographic factor	28
2.2.2	Studies on personal habits and lifestyle factor	30
2.2.3	Studies on trading knowledge and analytical factor	31
2.2.4	Studies on trading behaviour	33

Chapter	Contents	P. No.
2.2.5	Studies on risk management factor	37
2.2.6	Studies on emotional or psychological factor	39
2.2.7	Studies on social factor	41
2.2.8	Studies on technology factor	43
2.3	Research gap	45
2.4	Conceptual framework developed from the literature	46
3.	Research Methodology	
3.1	Nature of the research	47
3.2	Sample design	47
3.2.1	Target population	47
3.2.2	Profile of Bengaluru city	48
3.2.3	Sample size	49
3.2.4	Sampling technique	49
3.3	Data collection	49
3.4	Period of the study	49
3.5	Pilot study	49
3.6	Techniques and tools used for data analysis	50
3.7	Hypothesis to be tested	54
4.	Analysis and Interpretation	
4.1	Demographic profile of the respondents	55
4.2	Trading profile of the respondents	62
4.3	Relationship between demographic profile and trading success	71
4.4	Relationship between trading profile and trading success	83
4.5	Variables influencing trading success in equity derivatives	101
4.6	Modelling the factors influencing trading success in equity derivatives market	117
5.	Findings, Suggestions and Conclusion	
5.1	Findings	128
5.1.1	Finding about the demographic profile of the respondents	128
5.1.2	Findings about the trading profile of the respondents	128
5.1.3	Findings of cross tabulation, chi-square and correlation analysis	129

Chapter	Contents	P. No.
5.1.4	Findings of the principal component analysis	130
5.1.5	Findings of structural equation model	132
5.2	Suggestions	132
5.2.1	Suggestions to the equity F&O traders	132
5.2.2	Suggestions to SEBI, the market regulator	134
5.2.3	Suggestions to the stock exchange and brokers	134
5.3	Scope for future research	135
5.4	Conclusion	135
	Bibliography	
	Annexures	
	Publications	

List of Tables

S. No.	Table Title	P. No.
1.5.1	History of Derivatives	4
1.7.1	Products in Indian Equity Derivate Market	6
2.1	Consolidation of Variables Influencing Trading Success from ROL	44
4.1.1	Age Group of the Respondents	55
4.1.2	Gender of the Respondents	58
4.1.3	Educational Qualification of the Respondents	59
4.1.4	Occupation of the Respondents	60
4.1.5	Annual Income of the Respondents	61
4.2.1	Trading Capital of the Respondents	62
4.2.2	Trading Experience of the Respondents	64
4.2.3	Trading Purpose of the Respondents	65
4.2.4	Products Traded by the Respondents	66
4.2.5	Preferred Trading Strategy of the Respondents	67
4.2.6	No. of Stocks Tracked and Traded by the Respondents	68
4.2.7	Net Annual Returns of Equity F&O Trades by the Respondents	69
4.3.1	Cross Tabulation between Age and Trading Success	72
4.3.2	Chi-Square between Age and Trading Success	74
4.3.3	Correlation between Age and Trading Success	74
4.3.4	Cross Tabulation between Gender and Trading Success	75
4.3.5	Chi-Square between Gender and Trading Success	76
4.3.6	Correlation between Gender and Trading Success	76
4.3.7	Cross tabulation between Educational Qualification and Trading Success	77
4.3.8	Chi-Square between Educational Qualification and Trading Success	79
4.3.9	Correlation between Educational Qualification and Trading Success	79
4.3.10	Cross Tabulation between Occupation and Trading Success	80
4.3.11	Chi-Square between Occupation and Trading Success	82

LIST OF TABLES

S. No.	Table Title	P. No.
4.3.12	Correlation between Occupation and Trading Success	82
4.4.1	Cross Tabulation between Trading Experience and Trading Success	83
4.4.2	Chi-Square between Trading Experience and Trading Success	85
4.4.3	Correlation between Trading Experience and Trading Success	85
4.4.4	Cross Tabulation between Trader Type and Trading Success	86
4.4.5	Chi-Square between Trader Type and Trading Success	88
4.4.6	Correlation between Trader Type and Trading Success	88
4.4.7	Cross Tabulation between Products Traded and Trading Success	89
4.4.8	Chi-Square between Products Traded and Trading Success	91
4.4.9	Correlation between Products Traded and Trading Success	91
4.4.10	Cross Tabulation between Trading Strategy and Trading Success	92
4.4.11	Chi-Square between Trading Strategy and Trading Success	94
4.4.12	Correlation between Trading Strategy and Trading Success	94
4.4.13	Cross Tabulation between No. of Stocks Tracked and Traded and Trading Success	95
4.4.14	Chi-Square between No. of Stocks Tracked and Traded and Trading Success	97
4.4.15	Correlation between No. of Stocks Tracked and Traded and Trading Success	97
4.4.16	Cross Tabulation between Net Annual Returns from F&O Trades and Trading Success	98
4.4.17	Chi-Square between Net Annual Returns from F&O Trades and Trading Success	100
4.4.18	Correlation between Net Annual Returns from F&O Trades and Trading Success	100
4.5.1	Correlation Matrix of all the Variables that Influence Trading Success	102
4.5.2	Kaiser-Meyer-Olkin (KMO) Measure of Sampling Adequacy	103
4.5.3	The KMO Measure for Each Individual Variable	104
4.5.4	Total Variance Explained by the Components	106
4.5.5	Rotated Component Matrix	108

S. No.	Table Title	P. No.
4.5.6	Rotated Loading of Component 1 – Knowledge	110
4.5.7	Rotated Loading of Component 2 – Trading Behaviour	111
4.5.8	Rotated Loading of Component 3 – Risk Management	112
4.5.9	Rotated Loading of Component 4 – Personal Habits	113
4.5.10	Rotated Loading of Component 5 – Emotional Intelligence	114
4.5.11	Rotated Loading of Component 6 – Tech Savviness	115
4.5.12	Rotated Loading of Component 7 – Social Interaction	116
4.6.1	List of Latent and Observed Variables	119
4.6.2	Inner Model Path Coefficient Sizes and Significance	122
4.6.3	Outer Model Loadings and Indicator Reliability	123
4.6.4	Discriminant Validity	126
4.6.5	Model Hypothesis Testing	127

List of Figures

S. No. P. No. **Figure title** Ratio of Turnover between Equity Derivatives and Cash Segment on 1.12.1 18 NSE 2.4.1 Conceptual Model Identified from Intensive ROL 46 4.1.1 Age Group of the Respondents 56 4.1.2 Gender of the Respondents 58 4.1.3 Educational Qualification of the Respondents 59 4.1.4 Occupation of the Respondents 60 4.1.5 Annual Income of the Respondents 61 4.2.1 Trading Capital of the Respondents 63 4.2.2 Trading Experience of the Respondents 64 4.2.3 Trading Purpose of the Respondents 65 4.2.4 Products Traded by the Respondents 66 4.2.5 Preferred Trading Strategy of the Respondents 67 4.2.6 No. of Stocks Tracked and Traded by the Respondents 68 4.2.7 Net annual Returns of Equity F&O Trades by the Respondents 69 4.3.1 Cross Tabulation between Age and Trading Success 73 4.3.4 Cross Tabulation between Gender and Trading Success 75 4.3.7 Cross Tabulation between Educational Qualification and Trading Success 78 4.3.10 Cross Tabulation between Occupation and Trading Success 81 4.4.1 Cross Tabulation between Trading Experience and Trading Success 84 4.4.4 Cross Tabulation between Trader Type and Trading Success 87 4.4.7 Cross Tabulation between Products Traded and Trading Success 90

LIST OF FIGURES

S. No.	Figure title	P. No.
4.4.10	Cross Tabulation between Trading Strategy and Trading Success	93
4.4.13	Cross Tabulation between No. of Stocks Tracked and Traded and Trading Success	96
4.4.16	Cross Tabulation between Net Annual Returns from F&O Trades and Trading Success	99
4.5.4	Scree Plot	107
4.6.1	Structural Equation Model – Factors Influencing Trading Success	120