

2. After analyzing data it is clear that the main factors that are driving the growth of Derivative Market are Market improvement in communication facilities as well as long term saving & investment is also possible through entering into Derivative Contract. So these factors encourage the Derivative Market in India.
3. It encourages entrepreneurship in India. It encourages the investor to take more risk & earn more return. So in this way it helps the Indian Economy by developing entrepreneurship. Derivative Market is more regulated & standardized so in this way it provides a more controlled environment. In nutshell, we can say that the rule of High risk & High return apply in Derivatives. If we are able to take more risk then we can earn more profit under Derivatives.

Commodity derivatives have a crucial role to play in the price risk management process for the commodities in which it deals. And it can be extremely beneficial in agriculture-dominated economy, like India, as the commodity market also involves agricultural produce. Derivatives like forwards, futures, options, swaps etc are extensively used in the country. However, the commodity derivatives have been utilized in a very limited scale. Only forwards and futures trading are permitted in certain commodity items.

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