

AC – 11-3-2025

Item No. –04

Approved by the BOS in Bachelor of Commerce (Accountancy & Finance) on 07-03-2025 Item No. 03

As Per NEP 2020

Tolani College of Commerce (Autonomous)



Title of the Course: Commodity and Derivatives Market

Programme: Bachelor of Management Studies Semester-VI

Syllabus for 4 credits

From the academic year 2025 - 2026

Name of the Course: Commodity and Derivatives Market

Sr. No.	Heading	Particulars
1	Description the course:	This course provides an in-depth understanding of commodity markets and derivatives instruments. Participants will explore the fundamentals of commodity trading, derivative instruments, and the strategies employed in managing risk and creating investment opportunities. Emphasis is placed on practical applications, market dynamics, and regulatory considerations.
2	Vertical:	Electives
3	Type:	Theory
4	Credit:	4 credits
5	Hours Allotted:	60 Hours
6	Marks Allotted:	100 Marks Continuous Evaluation 40 Marks Semester End Examination 60 Marks
7	Course Objectives:	<ul style="list-style-type: none"> • To develop a comprehensive understanding of various commodity markets, including agricultural products, energy, metals, and soft commodities • To equip participants with a deep knowledge of derivative instruments related to commodities, such as futures and options. • To teach effective risk management strategies using commodity derivatives. • To provide hands-on experience in commodity trading, hedging, and speculative strategies.
8	Course Outcomes:	<ul style="list-style-type: none"> • Learners will be able to identify key features, factors, and participants in different commodity markets • Learners will be proficient in valuing and analyzing commodity derivatives, and they will understand how these instruments are used for risk management and speculation. • Learners will be able to assess and manage various risks associated with commodity trading, including price risk, credit risk, and operational risk. • Learners will be able to apply trading strategies, make informed decisions, and use derivatives for hedging purposes in real-world scenarios

Module 1: Introduction to Commodities Market and Derivatives Market

- Introduction to Commodities Market : Meaning, History & Origin, Types of Commodities Traded, Structure of Commodities Market in India, Participants in Commodities Market, Trading in Commodities in India(Cash & Derivative Segment), Commodity Exchanges in India & Abroad, Reasons for Investing in Commodities.
- Introduction to Derivatives Market : Meaning, History & Origin, Elements of a Derivative Contract, Factors Driving Growth of Derivatives Market, Types of Derivatives, Types of Underlying Assets, Participants in Derivatives Market, Advantages & Disadvantages of Trading in Derivatives Market, Current Volumes of Derivative Trade in India, Difference between Forwards & Futures.

Module 2: Futures and Hedging

- Futures: Futures Contract Specification, Terminologies, Concept of Convergence, Relationship between Futures Price & Expected Spot Price, Basis & Basis Risk, Pricing of Futures Contract, Cost of Carry Model.
- Hedging: Speculation & Arbitrage using Futures, Long Hedge – Short Hedge, Cash & Carry Arbitrage, Reverse Cash & Carry Arbitrage, Payoff Charts & Diagrams for Futures Contract, Perfect & Imperfect Hedge.

Module 3: Options and Option Pricing Models

- Options: Options Contract Specifications, Terminologies, Call Option, Put Option, Difference between Futures & Options, Trading of Options, Valuation of Options Contract, Factors affecting Option Premium, Payoff Charts & Diagrams for Options Contract, Basic Understanding of Option Strategies.
- Options Pricing Models: Binomial Option Pricing Model, Black - Scholes Option Pricing Model.

Module 4: Trading, Clearing & Settlement In Derivatives Market and Types of Risk

- Trading, Clearing & Settlement In Derivatives Market: Meaning and Concept, SEBI Guidelines, Trading Mechanism – Types of Orders, Clearing Mechanism – NSCCL – its Objectives & Functions, Settlement Mechanism – Types of Settlement.
- Types of Risk: Value at Risk, Methods of calculating VaR, Risk Management Measures , Types of Margins, SPAN Margin.

10	Reference Books: <ul style="list-style-type: none"> • John C. Hull & Basu -Futures, options & other derivatives. 2017 • Robert McDonald, Derivatives market, Pearson education. 2016 • John Hull, Fundamentals of futures & options. 2014 • Ankit Gala & Jitendra Gala, Guide to Indian Commodity market, Buzzing stock publishing house. 2007 • K.Sasidharan & Alex K. Mathews, Option trading – bull market strategies, McGraw Hill publication. 2010 	
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11	Internal Continuous Assessment: 40%	Semester End Examination: 60%
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12	Continuous Evaluation through: (40 Marks)											
	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 60%;">Component</th> <th style="width: 40%;">Total Marks</th> </tr> </thead> <tbody> <tr> <td>1)Assignment/Case Studies</td> <td style="text-align: center;">15 Marks</td> </tr> <tr> <td>2)Presentation/ /Project</td> <td style="text-align: center;">15 Marks</td> </tr> <tr> <td>3)Objective Questions</td> <td style="text-align: center;">10 Marks</td> </tr> <tr> <td>Total</td> <td style="text-align: center;">40 Marks</td> </tr> </tbody> </table>	Component	Total Marks	1)Assignment/Case Studies	15 Marks	2)Presentation/ /Project	15 Marks	3)Objective Questions	10 Marks	Total	40 Marks	
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3)Objective Questions	10 Marks											
Total	40 Marks											
	<i>Note: Learner must be Present in all the three exam components of Continuous Evaluation.</i>											

13	Format of Question Paper: for the final examination	
	Question Paper Pattern for Semester End Examination (SEE) Maximum Marks: 60 Duration:2 Hour	
	Q. No.	Particular
	Q-1	Attempt the following: A. Full Length Practical Question (15 Marks) OR B. Full Length Practical Question (15 Marks)
	Q-2	Attempt the following: A. Full Length Practical Question (15 Marks) OR B. Full Length Practical Question (15 Marks)
	Q-3	Attempt the following: A. Full Length Practical Question (15 Marks) OR B. Full Length Practical Question (15 Marks)
	Q-4	Attempt the following: A. Full Length Practical Question (15 Marks) OR B. Short Notes to be asked 05 To be answered 03
	Note: Practical question of 15 marks may be divided into two sub questions of 7/8 and 10/5 Marks. If the topic demands, instead of practical questions, appropriate theory question may be asked.	

Signatures of Team Members

Sr. No	Name	Signature
1.	Mr. Murugan Nadar	
2.	Mr. Mubeen Shaikh	