CHAPTER - V
FINDINGS AND SUGGESTIONS

OBJECTIVE EIGHT

To give evocative measures on NSE Nifty stock futures segment with respect to identified sectors and their related stocks for eight years from 2006 to 2014

5. Findings of the Study

Since from the inception of derivatives in the Indian Derivatives Market has shown colossal performance and attained top notch in the world derivatives market. To know the growth of derivatives first we have to study the number of contracts traded on exchange, because one can estimate and know the strength of derivatives market. Indian derivatives market especially futures segment (stock futures, index futures and currency futures) is more popular than the options market. In this study the researcher chose NSE Nifty which constitutes fifty stocks based on their market capitalisation. For the derivatives market, NSE Nifty conglomerate fifty stocks based on free float market capitalization (i.e. calculated considering only those shares of the company which are readily available for trading in the market). Here the researcher focused on the stocks which are appeared thirty-two times (quarter analysis) on NSE Nifty Futures segment for the period of eight years.

Table-5.1

Top ten Stocks based on maximum number of times appeared on NSE Nifty Futures Segment for the period of eight years from 2006 to 2014

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<tr>
<th>Rank/Place</th>
<th>Contracts Wise</th>
<th>Turnover Wise</th>
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<tbody>
<tr>
<td>1</td>
<td>RELIANCE</td>
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<td>2</td>
<td>SBIN</td>
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<td>3</td>
<td>ICICIBANK</td>
<td>TATASTEEL</td>
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<td>TATASTEEL</td>
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<td>5</td>
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<td>7</td>
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<td>8</td>
<td>BHARTIARTL</td>
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<td>9</td>
<td>BHEL</td>
<td>TCS</td>
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<td>10</td>
<td>TCS</td>
<td>BHEL</td>
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5.1 It is observed and identified that there is a strong relation between contracts and turnover using coefficient of determination to test the strength of the relation for eight years from 2006 to 2014 i.e. 0.962 (2006-07); 0.929 (2007-08); 0.957 (2008-09); 0.927 (2009-10); 0.973 (2010-11); 0.984 (2011-12); 0.991 (2012-13) and 0.978 (2013-14) respectively.

5.2 India’s Aluminium sector ranked fifth in world production. The free float market cap of Aluminium industry was ₹18233 crores and the total industry weight was 0.81 percent on NSE Nifty at the end of March 2014. HINDALCO stock appeared thirty-two times on NSE Nifty.

5.3 HINDALCO stock is one of the major stock in the Aluminium industry because of its strong financial capabilities and major takeovers in the year 2000 and 2006 which results positive sight on that stock while the NATIONALUM stock from Asia’s largest company appeared fourteen times only on NSE Nifty. From quarter-three of the year 2009-10 onwards it didn’t appeared on NSE Nifty and it faced corruption allegations in the year 2011 that degrades the value of the stock market cap which are not sufficient on NSE Nifty.

5.4 HINDALCO stock is top with respect to contracts and turnover and attained 11th position on NSE Nifty with total weight of 1.941 percent on total contracts and 2.03 percent on turnover. The year-wise weights of HINDALCO stock on total contracts of the respected years are 3.552 percent (2006-07); 1.718 percent (2007-08); 0.802 percent (2008-09); 1.445 percent (2009-10); 2.456 percent (2010-11); 2.834 percent (2011-12); 2.178 percent (2012-13); and 1.647 percent (2013-14).

5.5 It is observed that Aluminium industry success depends on the reserves of the bauxite, excavation and consumption of the resources; it requires

- Huge investment is required
- Environmental issues
- Government regulating policies

5.6 India is the world’s second-largest two wheeler manufacturer. The free float market cap of Automobiles - 2 & 3 wheelers industry at the end of March 2014 was ₹55254 crores and the total industry weight was 2.46 percent on NSE Nifty. Under this sector there are two stocks namely i.e. BAJAJAUTO and HEROMOTOCO listed on NSE Nifty for eight years span. Among them HEROMOTOCO stock is the only stock appeared thirty-two times on NSE Nifty.
5.7 HEROMOTOCO stock is one of the top companies with respect to contracts and turnover total weight is 0.969 percent and 0.908 percent. The company is the largest two wheeler manufacturer in the world. In India, it has a market share of about 46 percent in two wheeler category. Due to its performance and the growth rate it is the most reliable company to the investors. Quarter-two and quarter-three occupied 52.91 percent share on total contracts of HEROMOTOCO stock for eight years. The year-wise weights on total contracts of the respected years are 0.609 percent (2006-07); 0.251 percent (2007-08); 0.265 percent (2008-09); 0.89 percent (2009-10); 1.544 percent (2010-11); 1.397 percent (2011-12); 1.701 percent (2012-13); and 1.376 percent (2013-14).

5.8 India is the world’s fourth-largest producer of commercial vehicles (four wheelers). The free float market cap of Automobiles - 4 wheelers industry at the end of March 2014 was ₹ 142884 crores and the total industry weight was 6.36 percent on NSE Nifty. Under this sector there are three stocks namely i.e. M&M, MARUTI and TATAMOTORS compete on NSE Nifty equity stock futures segment for the period of eight years.

5.9 Among them TATAMOTORS the world’s seventeenth-largest motor vehicle manufacturing company, fourth-largest truck manufacturer and second-largest bus manufacturer by volume attained 6th position on NSE Nifty with total weight of 3.406 percent on total contracts and 5th place with 4.337 percent. The year-wise weights on total contracts of the respected years are 3.045 percent (2006-07); 1.578 percent (2007-08); 0.858 percent (2008-09); 2.971 percent (2009-10); 6.127 percent (2010-11); 5.137 percent (2011-12); 5.158 percent (2012-13); and 3.594 percent (2013-14). TATAMOTORS stock is the most reliable investment opportunity.

5.10 MARUTI stock had a market share of 37 percent of the Indian passenger car market. It is one of the competitors in the passenger cars segment. Its total weight is 1.342 percent on total contracts and 1.552 percent on turnover. The year-wise weights on total contracts of the respected years are 1.935 percent (2006-07); 0.831 percent (2007-08); 0.879 percent (2008-09); 1.368 percent (2009-10); 1.296 percent (2010-11); 1.443 percent (2011-12); 1.665 percent (2012-13); and 1.782 percent (2013-14).

5.11 M&M stock also showed best performance in the commercial vehicles with the total weight of 1.144 percent on total contracts and 1.235 percent on turnover. The year-wise weights on total contracts of the respected years are 1.149 percent (2006-07); 0.745 percent (2007-08); 0.289 percent (2008-09); 1.103 percent (2009-10);
1.899 percent (2010-11); 1.543 percent (2011-12); 1.212 percent (2012-13); and 1.561 percent (2013-14). It is observed that all contracts of MARUTI and M&M stocks are in the range 200000-600000.

5.12 It is observed that success of Automobiles industry in recent years based on the factors:
   - Increase in economic conditions of individuals.
   - Producing vehicles at reasonable rates and competition level increased
   - Rising demand of personal and passenger cars
   - Change in the lifestyles of the individuals

5.13 India is one of the top ten nations in banking services. The free float market cap of banking industry at the end of March 2014 was ₹ 463156 crores and the total industry weight was 20.62 percent on NSE Nifty. Under this sector eight banks are on NSE Nifty but only four banks shows tremendous performance of which two are nationalised banks and two from private sector namely i.e. HDFCBANK, ICICIBANK, SBIN and PNB listed on NSE Nifty for the period of eight years. They showed continuous performance even at the time of financial crisis.

5.14 SBIN stock is one the top companies with respect to contracts and turnover and attained 2nd position on NSE Nifty with total weight of 7.476 percent on total contracts and 7.373 percent on turnover. It has a market share of about 20 percent among Indian commercial banks. The year-wise weights on total contracts of the respected years are 4.705 percent (2006-07); 5.821 percent (2007-08); 5.518 percent (2008-09); 5.769 percent (2009-10); 6.637 percent (2010-11); 9.932 percent (2011-12); 12.188 percent (2012-13); and 9.747 percent (2013-14). It is one of the most affordable and reliable stock for investment.

5.15 Being a private bank ICICIBANK stock is the major competitor in the banking sector and attained 3rd place on NSE Nifty stock futures segment with total weight of 5.98 percent on total contracts and 4th place with 4.949 percent on turnover. The year-wise weights on total contracts of the respected years are 2.449 percent (2006-07); 4.618 percent (2007-08); 7.805 percent (2008-09); 5.981 percent (2009-10); 6.267 percent (2010-11); 6.847 percent (2011-12); 6.369 percent (2012-13); and 5.646 percent (2013-14).

5.16 HDFCBANK stock is one of the major competitors in the banking sector with total weight of 1.885 percent on total contracts and 1.97 percent on turnover. The
year-wise weights on total contracts of the respected years are 0.628 percent (2006-07); 0.889 percent (2007-08); 1.464 percent (2008-09); 1.491 percent (2009-10); 2.245 percent (2010-11); 2.787 percent (2011-12); 2.379 percent (2012-13); and 2.965 percent (2013-14). PNB stock attained the 4th in the banking sector with total weight of 0.981 percent on total contracts and 0.986 percent on turnover. The year-wise weights on total contracts of the respected years are 0.758 percent (2006-07); 0.722 percent (2007-08); 0.518 percent (2008-09); 0.916 percent (2009-10); 0.669 percent (2010-11); 1.184 percent (2011-12); 1.49 percent (2012-13); and 1.768 percent (2013-14).

5.17 Banking industry is seemed to be higher in growth based on implementation of online banking & mobile banking, increase in number of branches, ATMs’, new approvals etc. Its success depends on the following:

- Increase in Incomes of individuals.
- Increase in savings.
- Increase in spending to purchase properties by taking loans.
- Strong policies made by RBI.
- Government Schemes, etc.

5.18 Cement industry’s free float market cap at the end of March 2014 was ₹ 69156 crores and the total industry weight was 3.08 percent on NSE Nifty. Under this industry four stocks namely i.e. ACC, AMBUJACEM, GRASIM and ULTRACEMCO are appeared on NSE Nifty compete for the period of eight years. ACC stock total weight is 1.07 percent on total contracts and 1.168 percent on turnover. The year-wise weights of ACC stock on total contracts of the respected years are 3.406 percent (2006-07); 1.325 percent (2007-08); 0.536 percent (2008-09); 1.193 percent (2009-10); 0.898 percent (2010-11); 0.630 percent (2011-12); 0.777 percent (2012-13); and 0.565 percent (2013-14).

5.19 The cement industry seems to be tedious as compared to the other industries because it’s over all weightage is only 2.22 percent on total contracts for eight years. It is observed that there is no constant movement in the contracts of all cement sector stocks. The key observation point for inconsistency in the stocks due to the following reasons:

- Govt. control on tariffs, freights, cess etc.
Cement industry requires limestone and it is available at some places across the country so the transportation cost might be one of the influential factor on deciding the business growth.

- Slow down of the housing projects and infrastructure projects prescribed by the Govt. Individual housing is also costlier because of inflation.
- High capital investment is one of the problems for slow down of the projects.

**5.20** Computers-software industry is one of the fast growing industries in India with contribution of 7.48 percent on total contracts of all sectors on NSE Nifty for the period of eight years. It’s free float market cap at the end of March 2014 was ₹366898 crores and the total industry weight was 16.34 percent on NSE Nifty. Under these industry five stocks namely i.e. HCLTECH, INFY, SATYAMCOMP, TCS and WIPRO are identified on NSE Nifty stock futures segment. SATYAMCOMP stock was takeover by Mahindra & Mahindra group and formed TECHM.

**5.21** INFY and TCS stocks are the top gainers in the industry. INFY stock total weight is 3.31 percent on total contracts and 3.587 percent on turnover. The year-wise weights on total contracts of the respected years are 3.931 percent (2006-07); 4.36 percent (2007-08); 2.271 percent (2008-09); 2.561 percent (2009-10); 2.697 percent (2010-11); 3.798 percent (2011-12); 4.043 percent (2012-13); and 3.519 percent (2013-14).

**5.22** TCS stock total weight is 1.973 percent on total contracts and 1.901 percent on turnover. The year-wise weights on total contracts of the respected years are 2.182 percent (2006-07); 1.622 percent (2007-08); 1.069 percent (2008-09); 1.219 percent (2009-10); 1.829 percent (2010-11); 2.655 percent (2011-12); 2.234 percent (2012-13); and 3.357 percent (2013-14). These two stocks are more reliable to the investors and the best investment opportunity.

**5.23** The other stocks from computer-software industry HCLTECH and WIPRO (appeared thirty-one times) are maintained their recital on NSE Nifty and their combined contribution is 1.406 percent on total contracts for eight years from 2006 to 2014.

**5.24** Construction sector free float market cap at the end of March 2014 was ₹7881 crores and the total industry weight was 0.35 percent on NSE Nifty. Under these three stocks namely i.e. DLF, JPASSOCIAT and UNITECH are identified on NSE Nifty stock futures segment for the period of eight years. DLF is the India’s top
construction company and its total weight is 3.41 percent on total contracts and 2.799 percent on turnover. Its contracts are unstable on NSE Nifty and there are so many ups and downs observed.

5.25 Diversified sector free float market cap at the end of March 2014 was ₹42851 crores and the total industry weight was 1.91 percent on NSE Nifty. Under these sector two stocks namely i.e. DABUR and HINDUNILVR are appeared on NSE Nifty stock future segment for the period of eight years. Among them HINDUNILVR is the only stock appeared thirty-two times on NSE Nifty, its total weight is 1.256 percent on total contracts and 1.266 percent on turnover. The year-wise weights on total contracts of the respected years are 2.15 percent (2006-07); 0.971 percent (2007-08); 0.704 percent (2008-09); 1.28 percent (2009-10); 1.193 percent (2010-11); 1.33 percent (2011-12); 1.401 percent (2012-13); and 1.598 percent (2013-14).

5.26 Electrical Equipment sector free float market cap at the end of March 2014 was ₹15489 crores and the total industry weight was 0.69 percent on NSE Nifty. Under these four stocks namely i.e. ABB, BHEL, SIEMENS and SUZLON are appeared on NSE Nifty stock future segment for the period of eight years.

5.27 Among them BHEL stock having brand image with respect to sustainable growth and is the most reliable stock to the investors and its total weight is 2.34 percent on total contracts and 2.111 percent on turnover. The year-wise weights on total contracts of the respected years are 1.942 percent (2006-07); 1.761 percent (2007-08); 3.467 percent (2008-09); 1.625 percent (2009-10); 1.714 percent (2010-11); 2.393 percent (2011-12); 3.117 percent (2012-13); and 2.192 percent (2013-14).

5.28 Oil Exploration sector is another major sector of India with free float market cap at the end of March 2014 was ₹76070 crores and the total industry weight was 3.39 percent on NSE Nifty. Under these two stocks namely i.e. CAIRN INDIA and ONGC are identified on NSE Nifty for the period of eight years. Among them ONGC a Govt, sector organisation is the most reliable stock to the investors. Its total weight is 1.763 percent on total contracts and 1.655 percent on turnover. The year-wise weights on total contracts of the respected years are 2.87 percent (2006-07); 2.902 percent (2007-08); 2.033 percent (2008-09); 1.545 percent (2009-10); 1.333 percent (2010-11); 1.355 percent (2011-12); 1.033 percent (2012-13); and 1.162 percent (2013-14).

5.29 Pharmaceutical sector free float market cap at the end of March 2014 was ₹117449 crores and the total industry weight was 5.23 percent on NSE Nifty. Under
these six stocks namely i.e. CIPLA, DRREDDY, GLAXO, LUPIN, RANBAXY and SUNPHARMA are identified on NSE Nifty for the period of eight years.

5.30 Among them only three stocks are observed which are appeared thirty-two times on Nifty for the period of eight years. Among them RANBAXY stock attained top with total traded contracts weight of 1.135 percent and 1.094 percent on turnover. The year-wise weights on total contracts of the respected years are 1.782 percent (2006-07); 0.863 percent (2007-08); 1.021 percent (2008-09); 0.811 percent (2009-10); 0.906 percent (2010-11); 0.754 percent (2011-12); 1.122 percent (2012-13); and 2.004 percent (2013-14).

5.31 CIPLA stock total weight is 0.616 percent on total contracts and 0.721 percent on turnover. The year-wise weights on total contracts of the respected years are 0.838 percent (2006-07); 0.704 percent (2007-08); 0.202 percent (2008-09); 0.525 percent (2009-10); 0.637 percent (2010-11); 0.429 percent (2011-12); 0.822 percent (2012-13); and 1.01 percent (2013-14).

5.32 SUNPHARMA stock total weight is 0.518 percent on total contracts and 0.536 percent on turnover. The year-wise weights on total contracts of the respected years are 0.504 percent (2006-07); 0.36 percent (2007-08); 0.233 percent (2008-09); 0.281 percent (2009-10); 0.393 percent (2010-11); 0.492 percent (2011-12); 0.558 percent (2012-13); and 1.374 percent (2013-14). It seems that pharma industry total contribution is 2.92 percent on total sectors future contracts.

5.33 The existence and development of adequate power is essential for sustained growth of the Indian economy. India is the fifth largest producer and consumer of electricity in the world after US, China, Japan and Russia. Its free float market cap at the end of March 2014 was ₹63401 crores and the total industry weight was 2.82 percent on NSE Nifty. Under these six stocks namely i.e. NTPC, POWERGRID, REL, RELINFRA, RPOWER and TATAPOWER are listed on NSE Nifty for the period of eight years.

5.34 Among them TATAPOWER is the only stock appeared thirty-two times on NSE Nifty for the period of eight. But in the contracts wise RELINFRA stock attained top with total weight of 2.114 percent on total contracts and 1.63 percent on turnover. NTPC stock total weight is 1.351 percent on total contracts and 1.453 percent on turnover. TATAPOWER stock total weight is 0.591 percent on total contracts and 0.587 percent on turnover. The year-wise weights on total contracts of the respected years are 0.416 percent (2006-07); 1.08 percent (2007-08); 0.647 percent (2008-09);
RELINFRA seems to be the most reliable company to the investors because of its growth aspects.

5.35 Refineries industry is another fast growing industry in India with contribution of 11.64 percent on total sector contracts for the period of eight years. Most of the refineries companies are under Govt. control. It’s free float market cap at the end of March 2014 was ₹ 164910 crores and the total industry weight was 7.34 percent on NSE Nifty. Under these industry four stocks namely i.e. BPCL, HINDPETRO, RELIANCE and RPL are identified on NSE Nifty for the period of eight years.

5.36 Among them RELIANCE and BPCL are the only stocks appeared thirty-two times on NSE Nifty for the period of eight years. Among them RELIANCE stock under private sector is one the top companies with respect to contracts and turnover and attained 1st position on NSE Nifty with total weight of 9.731 percent on total contracts and 8.495 percent on turnover. The year-wise weights on total contracts of the respected years are 12.689 percent (2006-07); 15.554 percent (2007-08); 15.215 percent (2008-09); 8.022 percent (2009-10); 7.661 percent (2010-11); 6.623 percent (2011-12); 4.589 percent (2012-13); and 5.169 percent (2013-14).

5.37 BPCL stock under public sector with total weight of 0.526 percent on total contracts and 0.609 percent on turnover. The year-wise weights on total contracts of the respected years are 0.456 percent (2006-07); 0.321 percent (2007-08); 0.231 percent (2008-09); 0.479 percent (2009-10); 1.09 percent (2010-11); 0.461 percent (2011-12); 0.628 percent (2012-13); and 0.622 percent (2013-14).

5.38 Steel and Steel Products sector becomes a major sector in India with respect to production and exports. Its free float market cap at the end of March 2014 was ₹ 37056 crores and the total industry weight was 1.65 percent on NSE Nifty. Under this three stocks namely i.e. JINDALSTEL, SAIL and TATASTEEL are listed on NSE Nifty stock futures segment for the period of eight years. Among them SAIL and TATASTEEL stocks are the key players in producing steel and become top companies of India. TATASTEEL under private sector attained 4th place on total contracts with total weight of 5.02 percent and 3rd place on turnover with 5.509 percent. It is the most reliable stock for investment. The year-wise weights on total contracts of the respected years are 7.602 percent (2006-07); 4.061 percent (2007-08); 3.61 percent (2008-09); 5.449 percent (2009-10); 7.267 percent (2010-11); 5.375 percent (2011-12); 4.616 percent (2012-13); and 3.723 percent (2013-14).
5.39  SAIL sector under public sector with total weight of 1.376 percent on total contracts and 1.403 percent on turnover. It is also most reliable stock for investment.

5.40  India is the second-largest telecom network in the world. Its free float market cap at the end of March 2014 was ₹37,813 crores and the total industry weight was 1.68 percent on NSE Nifty. Under these five stocks namely i.e. BHARTIARTL, IDEA, MTNL, RCOM and TATACOMM are identified on NSE Nifty stock futures segment for the period of eight years. Among them BHARTIARTL and RCOM showed tremendous performance in terms of contracts.

5.41  BHARTIARTL is the only stock appeared thirty-two times on NSE Nifty for the overall period of eight years and it is in 8th position in terms of contracts and turnover. Its total weight is 2.384 percent on total contracts and 2.433 percent on turnover. The year-wise weights on total contracts of the respected years are 2.246 percent (2006-07); 2.362 percent (2007-08); 2.622 percent (2008-09); 4.122 percent (2009-10); 2.207 percent (2010-11); 1.86 percent (2011-12); 1.963 percent (2012-13); and 1.691 percent (2013-14). It is also most reliable stock for investment.

5.42  RCOM stock appeared twenty-two times on NSE Nifty for the period of eight years and it was not on Nifty during the year 2013-14 but, it seems to be the best in terms of contracts and turnover. Its total weight is 2.927 percent on total contracts and 2.544 percent on turnover.

5.43  GAIL is the only stock from Gas sector with free float market cap at the end of March 2014 was ₹16,892 crores and the total industry weight was 0.75 percent on NSE Nifty. Its total weight is 0.511 percent on total contracts and 0.543 percent on turnover. The year-wise weights on total contracts of the respected years are 0.573 percent (2006-07); 0.727 percent (2007-08); 0.348 percent (2008-09); 0.537 percent (2009-10); 0.684 percent (2010-11); 0.512 percent (2011-12); 0.357 percent (2012-13); and 0.407 percent (2013-14).

5.44  HDFC is the only stock from Finance-Housing sector with free float market cap at the end of March 2014 was ₹137,854 crores and the total industry weight was 6.14 percent on NSE Nifty. Its total weight is 1.612 percent on total contracts and 1.63 percent on turnover. The year-wise weights on total contracts of the respected years are 0.527 percent (2006-07); 0.857 percent (2007-08); 1.883 percent (2008-09); 1.628 percent (2009-10); 1.49 percent (2010-11); 1.771 percent (2011-12); 1.806 percent (2012-13); and 2.456 percent (2013-14).
ITC is the only stock from Cigarette industry with free float market cap at the end of March 2014 was ₹195116 crores and the total industry weight was 8.69 percent on NSE Nifty. Its total weight is 1.444 percent on total contracts and 1.558 percent on turnover. The year-wise weights on total contracts of the respected years are 2.344 percent (2006-07); 1.256 percent (2007-08); 0.795 percent (2008-09); 1.222 percent (2009-10); 1.168 percent (2010-11); 1.264 percent (2011-12); 1.994 percent (2012-13); and 2.134 percent (2013-14).

LT is the only stock from engineering sector with free float market cap at the end of March 2014 was ₹103643 crores and the total industry weight was 4.62 percent on NSE Nifty. Its total weight is 3.472 percent on total contracts and 3.376 percent on turnover. The year-wise weights on total contracts of the respected years are 1.258 percent (2006-07); 2.961 percent (2007-08); 5.119 percent (2008-09); 2.952 percent (2009-10); 3.179 percent (2010-11); 4.197 percent (2011-12); 3.637 percent (2012-13); and 3.053 percent (2013-14).

STER is the only stock from Metal Industry with free float market cap at the end of March 2014 was ₹52583 crores and the total industry weight was 2.34 percent on NSE Nifty. Its total weight is 1.333 percent on total contracts and 1.11 percent on turnover.

Each industry/sector can depend on other sectors which results ups and downs in the share prices as well as in contracts. For instance, cement industry depends on construction industry; construction industry depends on finance industry; finance industry depends on the investors to pool the investments.

The most reliable stocks for investment according to this study are ACC, BHARATIARTL, DLF, HDFC, HDFCBANK, HINDUNILVR, ICICIBANK, INFY, ITC, LT, MARUTI, ONGC, RCOM, RELIANCE, SBIN, TATAMOTORS, TATASTEEL and TCS.

The sectoral growth depends on various factors such as:

- National Demand
- Investment flows
- Political issues
- Cost of living
6. **Suggestions**

6.1 The weight of banking sector with respect to contracts (19.53 percent) is high as compared to all sectors. It is suggested that invest in banking stocks is the first option to the investor to buy contracts of the top four stocks namely HDFCBANK, ICICIBANK, PNB and SBIN. It is less risky as compared to others because money flotation is high by encouraging savings and granting loans which results increase in value of the firm and their earnings per share and return rate are towering.

6.2 Computers-software industry proved to be the next best investment opportunity in terms of nominal returns with less risk because of the three major reputed stocks namely INFY, TCS and WIPRO. It is suggested that the investor thoroughly check the status of the projects undertaken by these companies because the value of the firm depends on the number of projects successfully accomplished.

6.3 Automobiles- 4 Wheelers sector is another best investment opportunity in terms of high market cap, technological innovation and return value because of the three outstanding stocks namely M&M, MARUTI and TATAMOTORS. It is to suggest that thoroughly observe the changes in technology, Govt. policies, market size, debt factor and sales.

6.4 Refineries sector constitute a major part in terms of returns and it is one of the best investment opportunity to the investors. The major and notable stock under this sector is RELIANCE which contributes a major share on NSE Nifty future contracts. It is to suggest that the investor should act wise while investing and observe the investment flows, demand patterns, FIIs, Govt. policies, etc.

6.5 Cement industry and construction industry both preferred for the investment and they depend on each other. It is to suggest that the investor keep in mind that both are depend on the government policies, cost of living, income levels of the persons, etc.

6.6 The stocks namely ITC from cigarettes sector, HDFC from Finance-Housing sector, and LT from engineering sector are the next best investment opportunities to the investor. (see Table-5.2)
<table>
<thead>
<tr>
<th>S. No.</th>
<th>Sector/Industry</th>
<th>Suggested measures to be observed while investing</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Aluminium, Metals and Mining</td>
<td>Demand and Supply of the Product, Consumption Levels, International Market, Govt. Policies regarding extraction and balance of trade etc.</td>
</tr>
<tr>
<td>2</td>
<td>Automobiles</td>
<td>Technological development, Govt. policies and restrictions, Size of the Capital, Market Share, Cost of debt, Competition etc.</td>
</tr>
<tr>
<td>3</td>
<td>Banks</td>
<td>Capital Structure, Total deposits and loans, Interest rates, Growth rate etc.</td>
</tr>
<tr>
<td>4</td>
<td>Cement and Construction</td>
<td>Govt. policies regarding development of Infrastructure, Income levels, Seasonal Variations, No. of Competitive firms, Investment opportunities, Return on Investment, Debt and Equity patterns of the firms etc.</td>
</tr>
<tr>
<td>5</td>
<td>Computers - Software</td>
<td>Number of projects undertaken by the firms, Earnings per share, Dividends, Value of the firm etc.</td>
</tr>
<tr>
<td>6</td>
<td>Electrical Equipment</td>
<td>Domestic demand, Govt. spending on Infrastructure, Number of constructions, Income levels, etc.</td>
</tr>
<tr>
<td>7</td>
<td>Finance - Housing</td>
<td>Number of ventures, Income levels, Cost of living, Geographical areas, etc.</td>
</tr>
<tr>
<td>8</td>
<td>Gas and Oil Exploration/Production</td>
<td>Domestic demand, Imports, Extraction and supply of the product, Govt. Policies, etc.</td>
</tr>
<tr>
<td>9</td>
<td>Pharmaceuticals</td>
<td>Cost of capital, Return factors, Spending on R&amp;D, Market Share, etc.</td>
</tr>
<tr>
<td>10</td>
<td>Power</td>
<td>Domestic demand, Govt. spending on Infrastructure, Installation of new plants,</td>
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<tr>
<td><strong>11</strong></td>
<td><strong>Refineries</strong></td>
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<tr>
<td></td>
<td>Cost of debt of the firms, Domestic market, Market share, etc.</td>
<td></td>
</tr>
<tr>
<td><strong>12</strong></td>
<td><strong>Steel and Steel Products</strong></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Production of oil, Govt. policies, Domestic demand, Demand and supply of the oil, etc.</td>
<td></td>
</tr>
<tr>
<td><strong>13</strong></td>
<td><strong>Telecommunication - Services</strong></td>
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<tr>
<td></td>
<td>Total production of steel, Growth rate, Domestic demand, Growth of construction industry, Capital structure, Govt. policies and regulations, etc.</td>
<td></td>
</tr>
<tr>
<td><strong>14</strong></td>
<td><strong>Cigarettes</strong></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Growth of the industry, Number of competitors, Cost of debt, Return on investment, Quality of service providers, etc.</td>
<td></td>
</tr>
<tr>
<td><strong>15</strong></td>
<td><strong>Diversified</strong></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Size of the industry and company, Cost of debt, Govt. restrictions on tobacco, etc.</td>
<td></td>
</tr>
</tbody>
</table>

*Prepared by the Researcher*

**6.7** Exchanges should redesign their programme regarding conduct of awareness programmes at college level because most of the persons doesn’t know about derivatives and they have many queries such as contracts, lot size, options, expiry dates, trading cycles, etc.

**6.8** Exchanges should extend their awareness programmes regarding futures and options. Exchanges should provide certification courses at affordable fees.

**6.9** While selecting a stock the investor must study quarter-wise sectoral growth and their movements. Most of the contracts are high quarter-two and quarter-three.

**6.10** There are only thirty stocks out of seventy-seven stocks showed continuous appearance on NSE Nifty for thirty-two quarters proved to be the most reliable stocks for doing contracts. So, the investors can pretend that there is nominal return on their investments.
6.11 An investor must study the sectors and their related stocks. It is to suggest that while investing in a specific stock an investor must watch the associate sectors movements in the market i.e. if the investor purchases stock relating to cement industry he/she must observe the movements of the construction and finance sector.

Finally, Indian derivatives are in a developing stage provide unique money making opportunities to a wider section of market participants, starting from exporters, importers, etc. they are preferred for the reason that they provide the investors with a better opportunity of diversifying their portfolios in addition to the commodities, bonds, etc. It increases the habits of savings and investment in the long run. They can protect from unexpected and uncertain volatile price movements. Derivative contracts allow the trading of agricultural or financial instruments in the future at predetermined prices.