

A Project Report on:

“AN ANALYSIS OF SEBI AND FMC MERGER”

For the award of degree of:

Bachelors of Business Administration (B.B.A.)

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G.S. COLLEGE OF COMMERCE AND ECONOMICS, Nagpur

Affiliated to:

Rashtrasant Tukadoji Maharaj Nagpur University, Nagpur

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G.S. COLLEGE OF COMMERCE AND ECONOMICS, NAGPUR



ACADEMIC YEAR 2021-22

G.S. COLLEGE OF COMMERCE AND ECONOMICS, NAGPUR



ACADEMIC YEAR 2021-22

CERTIFICATE

This is to certify that “**Ms. Khushbu Wankhede**” has submitted the project report titled “**An Analysis of SEBI and FMC Merger**”, towards the partial fulfillment of **Bachelors of Business Administration** degree examination. This has not been submitted for any other examination and does not form part of any other course undergone by the candidate.

It is further certified that she has ingeniously completed her project as prescribed by Rashtrasant Tukadoji Maharaj University, Nagpur.

Dr. Afsar Sheikh

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Dr. Afsar Sheikh

(Co-ordinator)

Place: NAGPUR

Date:

G.S. COLLEGE OF COMMERCE AND ECONOMICS, NAGPUR



ACADEMIC YEAR 2021-22

DECLARATION

I here-by declare that the project with title “**An Analysis of SEBI and FMC Merger**”, has been completed by me in partial fulfillment of Bachelors of Business Administration degree examination as prescribed by Rashtasant Tukadoji Maharaj Nagpur University, Nagpur and this has not been submitted for any other examination and does not form a part of any other course undertaken by me.

Place: NAGPUR

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Student Name & Signature

G.S. COLLEGE OF COMMERCE AND ECONOMICS, NAGPUR



ACADEMIC YEAR 2021-22

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I will fail in my duty if I do not thank the non-teaching staff of the college for their co-operation.

I would like to thank all those who helped me in making this project complete and succesful.

Place: NAGPUR

Ms. Khushbu Wankhede

Date:

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INTRODUCTION

INTRODUCTION

Commodities have been traded for hundreds of years. Commodity derivatives were first traded in the post-independence era, in the early 1960s. The Government of India established the Forwards Contract Regulation Act in 1952 to regulate these deals and promote market confidence (FCRA). In the following year, a regulatory agency known as the FMC (Forwards Market Commission) was founded to control commodity derivatives trade on a regional basis. Regional trading dominated commodity markets for nearly four decades. The Multi-Commodity Exchange (MCX) was founded in 2003, and trading on the exchange began in November of that year.

The establishment of the MCX was a significant step forward in the commodity markets; it had two primary functions: first, it was India's first National Exchange for commodities, and second, it served as a foundation stone for the adoption of technology in the derivative markets. For approximately a decade, MCX was regulated by the FMC; however, the FMC was recently amalgamated with SEBI (Securities and Exchange Board of India), and commodity markets are now regulated by SEBI. It was the first ever merger of two regulating bodies.

This step was welcomed by the public and various officials as the finance minister himself stated during the merger that:

“Markets thrive on confidence and integrity. These are crucial times for India, we can’t afford throwing away the opportunity presented by the advantages.” (FM Speech, 28-Sept-2015)

The Backstory

The merger talks between the two regulatory bodies was first mooted in 2003, and continued in next few years before the Rajan committee in 2009 reiterated consolidation of all financial sector regulators under one umbrella. In the events before the outbreak of NSEL (National Spot Exchange Limited) crisis came to light, Justice BN Srikrishna-led FSLRC (Financial Sector Legislative Reforms Commission) recommended unified regulation. But the fallout of NSEL prompted finance ministry to bring FMC under its fold in that same year. Finally, in his budget speech this year in February, finance minister Arun Jaitley announced the merger of FMC with SEBI.

What was the reason of the merger?

For more than 60 years, the FMC supervised the commodities market, but it lacked the authority to do so, resulting in dramatic volatility and claimed anomalies in this market area. In addition, the commodities market faced problems from speculative and illicit operations such as "dabba trading," which flourished in this section. UK Sinha, the then chairman of the SEBI, had previously warned small investors, saying, "If you invest your hard-earned money in this market, it may not be beneficial to you in the long run. The commodities market is for individuals who are knowledgeable about the subject. It is a perilous field for non-experts."

What was the mergers' aim?

The merger aimed to simplify laws and reduce wild speculation in the commodities market while allowing for future expansion. According to sources, finance minister Arun Jaitley said, "The merger will create economies of scope and scale for the government, exchanges, financial firms, and others." The minister also vowed that more actions would be taken to help the market thrive. He believes there is no reason why options or index futures could not be available in the commodities market. Banks and international portfolio investors will be able to engage in the markets in the future, he added.

COMPANY PROFILE

Securities and Exchange Board of India (SEBI)



Image: SEBI Logo

Established on 12th April, 1988, Securities and Exchange Board (SEBI) of India is a statutory and regulatory body for securities and commodities market in India.

But this not how it originally started. Initially it started as a non-statutory body, regulating only the securities market. On 30th January 1992 it became an autonomous body and was given statutory powers with the passing of the SEBI Act, 1992, by the Indian Parliament.

It has its headquarters at the business district of Bandra Kurla complex, Mumbai. It also has four regional offices in New Delhi, Kolkata, Chennai, Ahmedabad at Northern, Eastern, Southern and Eastern regions respectively. It also has many local offices at places like Jaipur and Bangalore.

Its child agencies are:

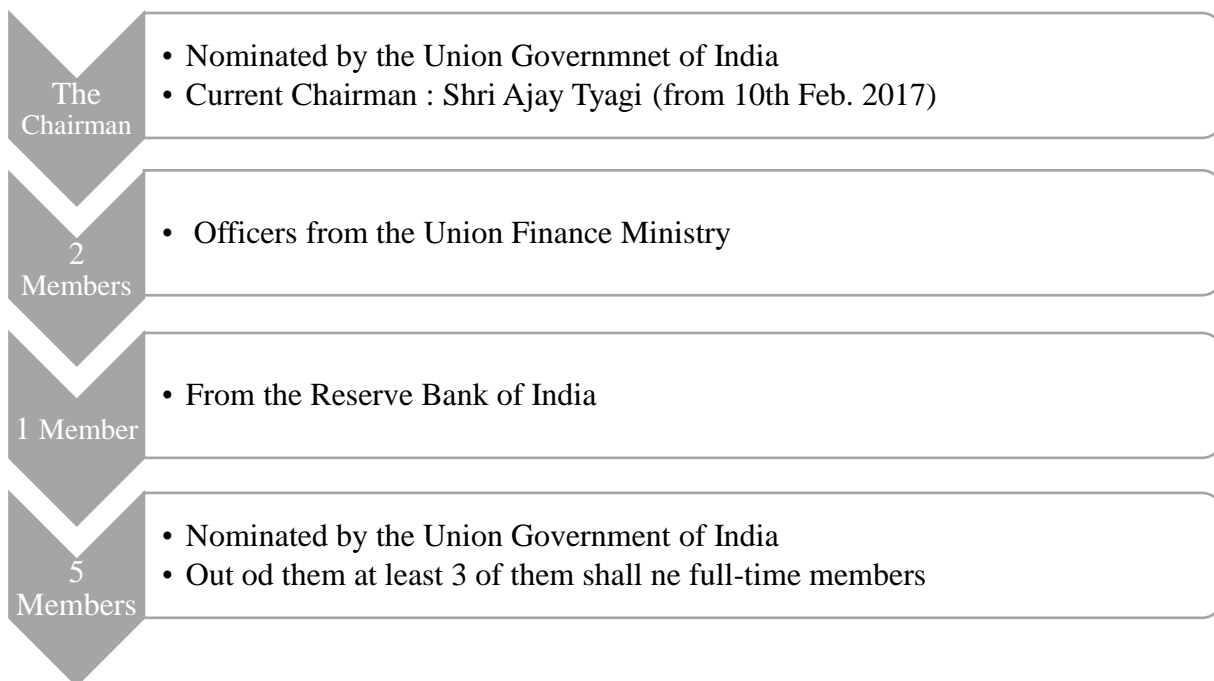
- Forward Markets Commission
- Association of Mutual Funds of India
- National Securities Depository Limited
- Central Securities Depository Limited



Image: SEBI Bhavan, Headquarters, at Mumbai

Who manages SEBI?

SEBI is managed by its members; which consists of:



Functions of SEBI –

1) *Protective Function-*

- a) Checking Price rigging
- b) Prevent Insider Trading

- c) Promote fair practices
- d) Create awareness among investors
- e) Prohibit fraudulent and unfair trade practices

2) *Regulatory Function-*

- a) Creating standards and a code of conduct for financial intermediaries and corporations to operate properly
- b) Regulation of corporate takeovers
- c) Inquiries and audits of exchanges are carried out
- d) Brokers, sub-brokers, merchant bankers, and other financial professionals must be registered.
- e) Fees are assessed
- f) Performing and exercising powers
- g) Registration and regulation of Credit Rating Agencies

3) *Development Functions-*

- a) Imparting Training to intermediaries
- b) Promotion of fair trading and malpractices reduction
- c) Carrying out research work
- d) Encouragement of self-regulating organizations
- e) Buy-sell mutual funds directly from AMC through a broker

Role of SEBI-

This regulatory authority operates as a watchdog for all capital market participants, and its principal goal is to create an atmosphere for financial industry lovers that makes the securities market more efficient, and

smooth. SEBI also has a significant economic impact. To do so, it assures that the three primary actors in the financial market.

They are:

Issuers of securities

- These are entities in the corporate field that raise funds from various sources in the market.

Investor

- They are the one who keep the markets active.

Financial Intermediaries

- These are the people who acts as middlemen between the issyers and investors.

Objectives of SEBI-

There are three main objectives of SEBI.

They are:

Protection to the Investors

- It is its primary function to protect the interests of people in the stock market and provide a healthy environment for them

Prevention of malpractices

- This was one of the main reasons why SEBI was formed.

Fair and proper functioning

- SEBI is responsible for orderly functioning of the capital markets and keep a close check over the activities of the financial intermediaries.

Forward Markets Commission (FMC)



Image: FMC Logo

The Future Markets Commission (FMC) was established in 1953 under the provision of the Forward Contracts (Regulation) Act, 1952. It regulates the commodity and futures market in India. It became a division of the Securities and Exchange Board of India (SEBI), which is part of the Ministry of Finance of the Indian Government, after its merger with SEBI. Originally, the agency was overseen by the Ministry of Consumer Affairs, Food and Public Distribution (India), as since futures traded in India are traditionally on food commodities. It has regulated Rs 17 trillion worth of commodity trades in India as of July 2014.

Commodity trading is permitted on 22 Indian exchanges, 6 of which are national. To strengthen the regulation of commodity futures market, the FMC was merged with the SEBI on 28th September 2015.

Roles and Responsibilities of FMC –

1. The FMC obtains, compiles, and disseminates information on trading conditions for a variety of commodities. Demand, supply, and price are usually included in the details of such information.

2. The organisation has the authority to verify and cross-check the finances and other documentation of registered associatios and their members as needed.

3. The FMC makes proposals to improve the organization's and forward markets' performance on a regular basis.

4. The entity also keeps a close eye on the forward commodities market and utilises anybdiscretionary powers that are allocates to it in the markets' best interests and expansion.

5. The Commission advises the Central Government on matters relating to the recognition or revocation of previously granted recognition to any of the organisations. In addition,the institution offers guidance on a variety of additional issues that arises as a result of the administration of the Forwards Contracts (Regulation) Act, 1952.

LITERATURE REVIEW

LITERATURE REVIEW

This project report is an inspiration from a research paper titled “An Event Study Analysis of the Merger of SEBI and Forward Market Commission” by Prof. Nishant Kumar and Mr. Gyanesh Jain of University of Lucknow.

They performed an event study analysis by calculating Cumulative Abnormal Returns of 13 commodities.

There is also another research paper on the topic titled “SEBI-FMC Merger” by Sharon K Jose. It was mainly theoretical in nature and the analysis was mainly focused on Closing Price/ DDR (Per Unit).

RESEARCH METHODOLOGY

RESEARCH METHODOLOGY

TYPE OF RESEARCH METHODOLOGY

As the objectives of this research is confirmatory in nature, therefore, the type of research methodology used here is Qualitative Research Methodology.

Qualitative research refers to research which focuses on measurement and testing using numerical data.

SOURCE OF DATA

The qualitative data collected is historical in nature and is collected from a secondary source, Multi-Commodity Exchange (MCX) website.

Therefore, the data collected is also Secondary in nature.

DATA ANALYSIS AND INTERPRETATION

To know the effects of the merger, we have to compare pre-merger data with post-merger data. And therefore, we'll be using Event Study Analysis.

An Event Study is an empirical analysis that examines the impact of a significant catalyst occurrence or contingent event on the value of a security, such as a company stock or a commodity.

Here, "the event" is the merger of SEBI and FMC. We will see patterns and trends in volumes and values of the commodity pre-merger and post-merger for interpretation.

Historical data of three months pre and post the event are collected from the MCX website.

From a secondary source it was found that only 13 were actively traded during the period. But here only 8 of those commodities are selected of analysis and interpretation.

HYPOTHESIS

- H_0 – The merger had positive and significant effect on the commodities market.
- H_1 – The merger had negative or non-significant effect on the commodities market.

RELEVANCE OF THE STUDY

As the commodities market plays a vital role in India, this merger was significant. The purpose of this merger was to bring the regulations and security of the commodities market at par with the securities market, with the intentions of gaining investor's trust and increase trade value and volume of the commodity market.

The merger of two regulators is a unique and rare event across the world. Due to the rarity and importance of the event, it is necessary to observe the post-merger effects to conclude whether the merger was successful or not.

OBJECTIVES OF THE STUDY

- To understand how the commodity market was changed by comparing pre-merger and post-merger data.
- To study the effect of the merger on the value traded in the exchange.
- To study the effect of the merger on the volumes traded in the exchange.
- To study the volatility of the prices and volumes before and after the merger.

NEED OF THE STUDY

- To know if the merger was successful or not.
- To know whether the commodities market have become more investable or not.

LIMITATIONS OF THE STUDY

- No other factors, investors' mindset, economic conditions, political conditions, etc., are considered here other than the data collected.
- As we are not analyzing returns on the commodity, it makes it the conclusion, whether the merger was a success or not, a little inefficient as investors make objective to invest to get returns.

DATA ANALYSIS AND INTERPRETATION

DATA ANALYSIS & INTERPRETATION

Data Analysis is defined as a process of cleaning, transforming, and modeling data to discover useful information for decision-making. The purpose of Data Analysis is to extract useful information from data and taking the decision based upon the data analysis.

Data Interpretation is the process of reviewing data through some predefined processes which help assign some meaning to the data and arrive at a relevant conclusion. It involves taking the result of data analysis, making inferences on the relations studied, and using them to conclude. The commodities that are going to be analyzed and interpreted are:

1. Agro Commodities
 - a) Cotton
 - b) Cardamom
- 2) Base Metals
 - a) Lead
 - b) Copper
- 3) Bullion Metals
 - a) Gold
 - b) Silver
- 4) Energy Commodities
 - a) Natural Gas
 - b) Crude Oil

Here, first, we will calculate monthly percentage change in Volumes Traded and Values Traded in the exchange.

Secondly, we will calculate monthly Volumes Traded and Values Traded as a percentage of total volumes and traded under the segment they fall in.

After analyzing the data, we will interpret the data by observing whether the calculated percentages are in positive and significant amount or not.

AGRO COMMODITIES

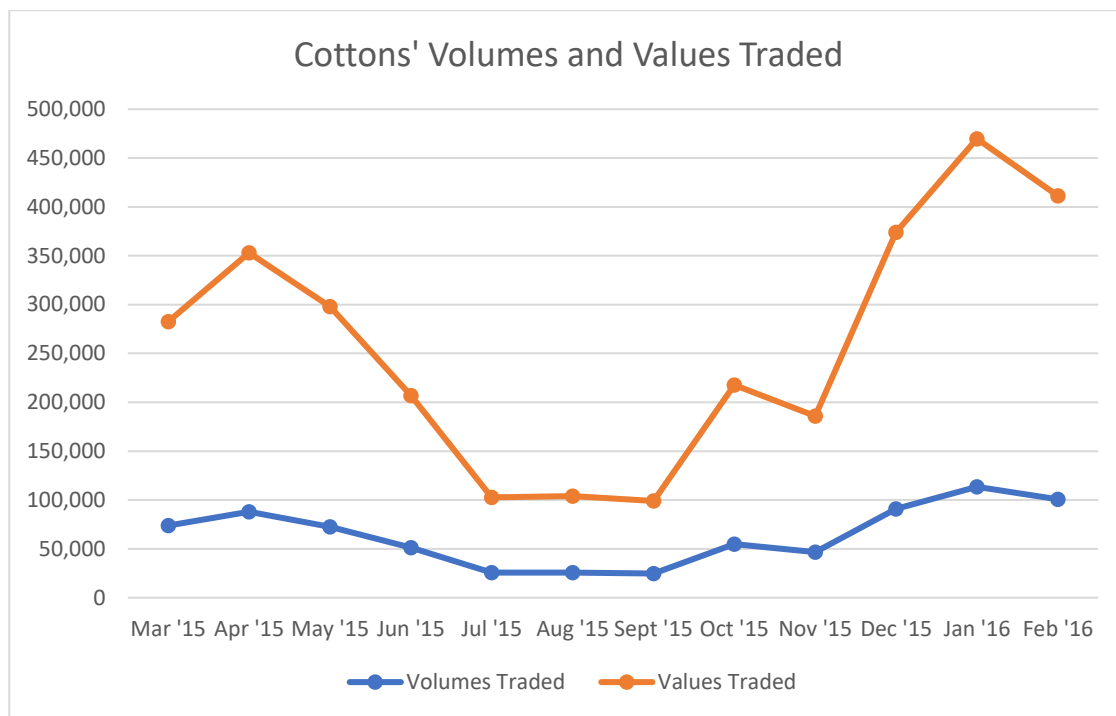
COTTON

An analysis table of volumes of cotton traded (Lots) in the exchange:

MONTH	VOLUMES TRADED (LOTS)	% CHANGE IN VOLUMES	VOLUME OF AGRO COMMODITIES TRADED	AS % OF AGRO COMMODITIES
March '15	73,906	-	2,84,643	25.96%
April '15	87,926	18.97%	3,45,568	25.44%
May '15	72,615	-17.41%	2,91,848	24.88%
June '15	51,390	-29.23%	3,71,247	13.84%
July '15	25,761	-49.87%	2,68,379	9.60%
August '15	25,805	0.17%	2,75,023	9.38%
September '15	24,762	-4.04%	2,51,441	9.85%
October '15	54,756	121.13%	2,61,209	20.96%
November '15	46,722	-14.67%	2,00,936	23.25%
December '15	90,884	94.52%	2,88,946	31.45%
January '16	1,13,463	24.84%	2,82,670	40.14%
February '16	1,00,833	-11.13%	3,06,136	32.94%
	7,68,823		34,28,046	

An analysis table of values of cotton traded in the exchange:

MONTH	VALUES TRADED	% CHANGE IN VALUES	VALUES OF AGRO COMMODITIES TRADED	AS % OF AGRO COMMODITIES
March '15	2,82,572.67	-	9,27,997.99	30.45%
April '15	3,53,015.48	24.93%	12,18,499.88	28.97%
May '15	2,98,009.84	-15.58%	10,34,037.30	28.82%
June '15	2,06,923.46	-30.56%	13,71,306.42	15.09%
July '15	1,02,686.44	-50.37%	9,41,215.92	10.91%
August '15	1,04,072.53	1.35%	9,23,966.04	11.26%
September '15	99,016.18	-4.86%	8,55,123.88	11.58%
October '15	2,17,788.43	119.95%	9,19,073.58	23.70%
November '15	1,86,012.16	-14.59%	6,79,964.93	27.36%
December '15	3,74,060.10	101.09%	10,03,657.96	37.27%
January '16	4,69,701.97	25.57%	9,96,477.64	47.14%
February '16	4,11,211.23	-12.45%	11,54,922.59	35.61%
	31,05,070.49		1,20,26,244.13	



INTERPRETATION

As we can see from the above graph and table that there was a significant increase in volumes of cotton traded. It went from 24,762 on Sept. '15 to as high as 1,00,833 on Feb. '16

For values traded, there a huge leap from 99,016.18 on Sept. '15 to 4,11,211.23 on Feb. '16.

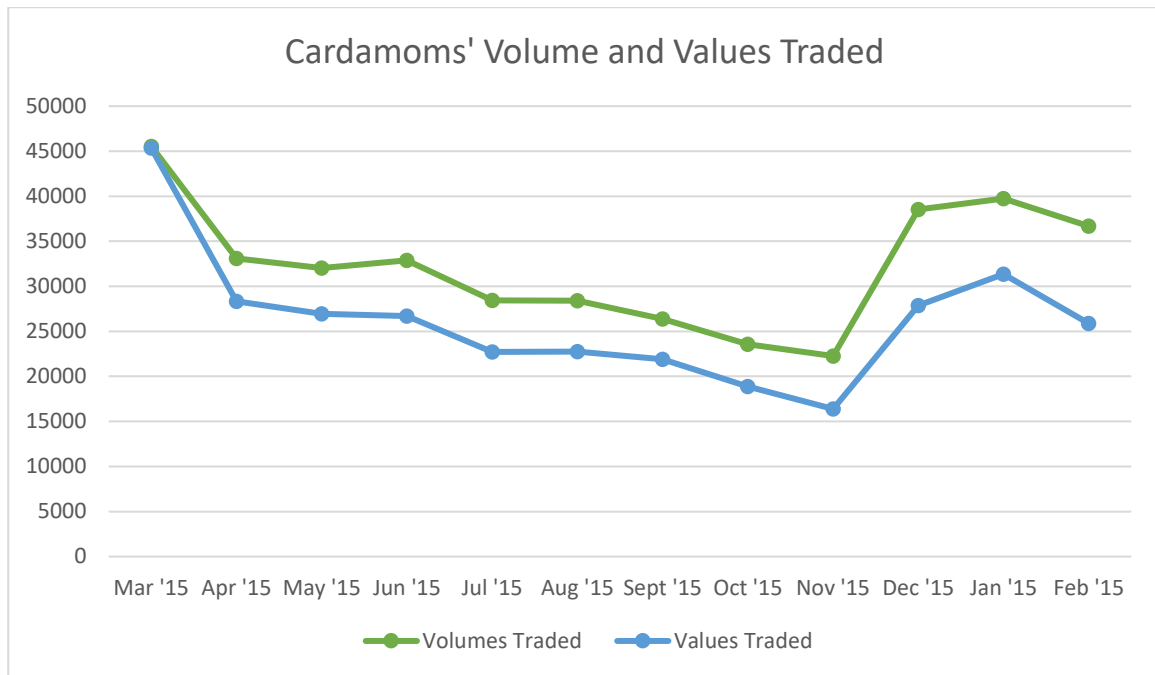
CARDAMOM-

An analysis table of volumes (lots) of cardamom traded in the exchange:

MONTH	VOLUMES TRADED (LOTS)	% CHANGE IN VOLUMES	VOLUME OF AGRO COMMODITIES TRADED	AS % OF AGRO COMMODITIES
March '15	45,549	-	2,84,643	16.00%
April '15	33,104	-27.32%	3,45,568	9.58%
May '15	32,043	-3.21%	2,91,848	10.98%
June '15	32,889	2.64%	3,71,247	8.86%
July '15	28,432	-13.55%	2,68,379	10.59%
August '15	28,408	-0.08%	2,75,023	10.33%
September '15	26,371	-7.17%	2,51,441	10.49%
October '15	23,582	-10.58%	2,61,209	9.03%
November '15	22,261	-5.60%	2,00,936	11.08%
December '15	38,523	73.05%	2,88,946	13.33%
January '16	39,748	3.18%	2,82,670	14.06%
February '16	36,684	-7.71%	3,06,136	11.98%
	3,87,594		34,28,046	

An analysis table of values of cardamom traded in the exchange:

MONTH	VALUES TRADED	% CHANGE IN VALUES	VALUE OF AGRO COMMODITIES TRADED	AS % OF AGRO COMMODITIES
March '15	45,341.67	-	9,27,997.99	4.89%
April '15	28,347.05	-37.48%	12,18,499.88	2.33%
May '15	26,936.73	-4.98%	10,34,037.30	2.61%
June '15	26,681.93	-0.95	13,71,306.42	1.95%
July '15	22,730.89	-14.81%	9,41,215.92	2.42%
August '15	22,743.01	0.05%	9,23,966.04	2.46%
September '15	21,904.38	-3.69%	8,55,123.88	2.56%
October '15	18,867.03	-13.87%	9,19,073.58	2.05%
November '15	16,384.57	-13.16%	6,79,964.93	2.41%
December '15	27,864.52	70.07%	10,03,657.96	2.78%
January '16	31,363.96	12.56%	9,96,477.64	3.15%
February '16	25,872.31	17.51%	11,54,922.59	2.24%
	3,15,038.05		1,20,26,244.13	



INTERPRETATION

In case of Cardamom, both values and volumes were not that affected due to the merger. It started increasing only after November.

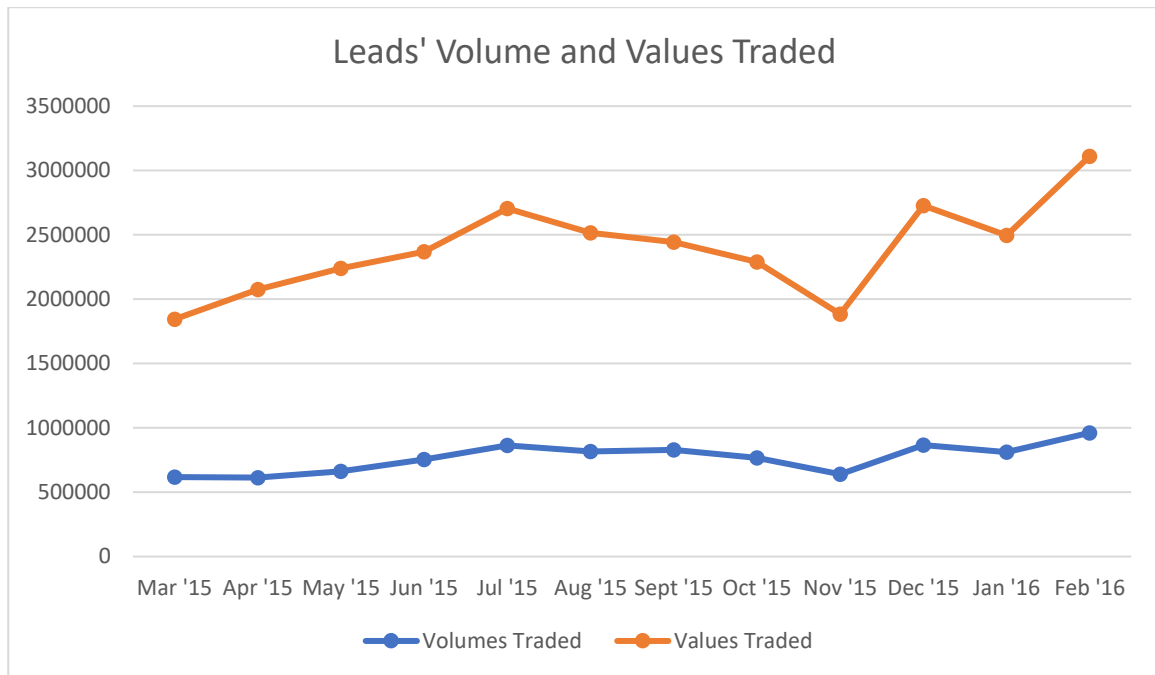
BASE METALS**LEAD-**

An analysis table of volumes (lots) of lead traded in the exchange:

MONTH	VOLUMES TRADED (LOTS)	% CHANGE IN VOLUMES	VOLUME OF BASE METALS TRADED	AS % OF BASE METALS
March '15	6,18,347	-	46,10,705.00	13.41%
April '15	6,13,767	-0.74%	45,33,552.00	13.54%
May '15	6,62,490	7.94%	44,53,300.00	14.88%
June '15	7,55,296	14.01%	50,68,372.00	14.90%
July '15	8,64,593	14.47%	62,75,928.00	13.78%
August '15	8,16,134	-5.60%	59,20,453.00	13.78%
September '15	8,28,780	1.55%	58,08,508.00	14.27%
October '15	7,65,855	-7.59%	55,21,156.00	13.87%
November '15	6,40,046	-16.43%	53,88,108.00	11.88%
December '15	8,67,352	35.51%	55,13,231.00	15.73%
January '16	8,10,603	-6.54%	50,24,395.00	16.13%
February '16	9,61,782	18.65%	53,74,752.00	17.89%
	92,05,045		6,34,92,460	

An analysis table of values of lead traded in the exchange:

MONTH	VALUES TRADED	% CHANGE IN VALUES	VALUE OF BASE METALS TRADED	AS % OF BASE METALS
March '15	18,44,425.05	-	1,12,58,246.70	16.38%
April '15	20,76,538.17	12.58%	1,15,10,023.50	18.04%
May '15	22,38,624.63	7.81%	1,19,94,811.90	18.66%
June '15	23,69,898.90	5.86%	1,26,37,329.40	18.75%
July '15	27,04,176.74	14.11%	1,48,93,655.40	18.16%
August '15	25,15,483.31	-6.98%	1,38,68,574.60	18.14%
September '15	24,43,258.15	-2.87%	1,35,42,920.80	18.04%
October '15	22,88,473.40	-6.34%	1,28,31,472.50	17.83%
November '15	18,84,462.88	-17.65%	1,17,31,508.70	16.06%
December '15	27,27,999.54	44.76%	1,21,10,709.00	22.53%
January '16	24,95,250.15	-8.53%	1,09,81,063.70	22.72%
February '16	31,10,851.22	24.67%	1,25,59,489.70	24.77%
	2,86,99,442.14		14,99,19,805.90	



INTERPRETATION

There was no significant change in volumes traded of lead, as seen in the graph. But, the value did start increasing after November.

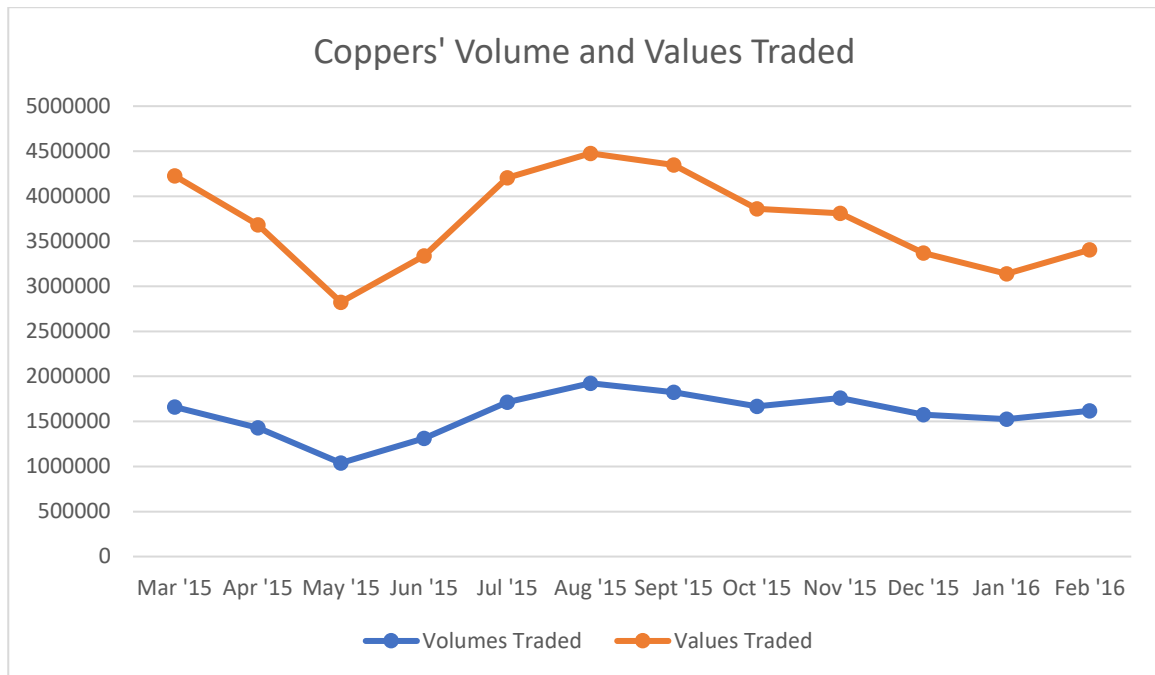
COPPER-

An analysis table of volumes (lots) of copper traded in the exchange:

MONTH	VOLUMES TRADED (LOTS)	% CHANGE IN VOLUMES	VOLUME OF BASE METALS TRADED	AS % OF BASE METALS
March '15	16,62,317		46,10,705.0	36.05%
April '15	14,30,985	-13.92	45,33,552.0	31.56%
May '15	10,38,539	-27.42%	44,53,300.0	23.32%
June '15	13,13,152	26.44%	50,68,372.0	25.91%
July '15	17,14,390	30.56%	62,75,928.0	27.32%
August '15	19,24,010	12.23%	59,20,453.0	32.50%
September '15	18,24,161	-5.19%	58,08,508.0	31.40%
October '15	16,69,031	-8.50%	55,21,156.0	30.23%
November '15	17,58,411	5.36%	53,88,108.0	32.64%
December '15	15,76,783	-10.33%	55,13,231.0	28.60%
January '16	15,25,029	-3.28%	50,24,395.0	30.35%
February '16	16,17,979	6.09%	53,74,752.0	30.10%
	1,90,54,787		6,34,92,460	

An analysis table of values of copper traded in the exchange:

MONTH	VALUES TRADED	% CHANGE IN VALUES	VALUES OF BASE METALS TRADED	AS % OF BASE METALS
March '15	42,27,202.83	-	1,12,58,246.7	37.55%
April '15	36,83,748.84	-12.86%	1,15,10,023.5	32.00%
May '15	28,24,254.44	-23.33%	1,19,94,811.9	23.55%
June '15	33,37,749.35	18.18%	1,26,37,329.4	26.41%
July '15	42,06,494.48	26.03%	1,48,93,655.4	28.24%
August '15	44,76,315.29	6.41%	1,38,68,574.6	32.28%
September '15	43,46,559.53	-2.90	1,35,42,920.8	32.09%
October '15	38,58,833.97	-11.22%	1,28,31,472.5	30.07%
November '15	38,09,463.69	-1.28%	1,17,31,508.7	32.47%
December '15	33,68,229.00	-11.58%	1,21,10,709.0	27.81%
January '16	31,38,497.41	-6.82%	1,09,81,063.7	28.58%
February '16	34,04,871.82	8.49%	1,25,59,489.7	27.11%
	4,46,82,220.65		14,99,19,805.9	



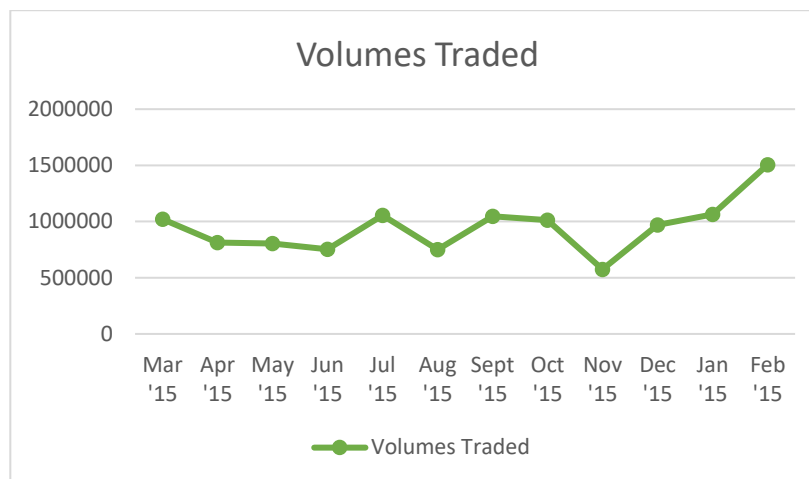
INTERPRETATION

From the graph we can say that there was a negative effect on both volumes and values traded of Copper. Both Volumes and Value were high in August and September, but started declining after November.

BULLION METALS**GOLD-**

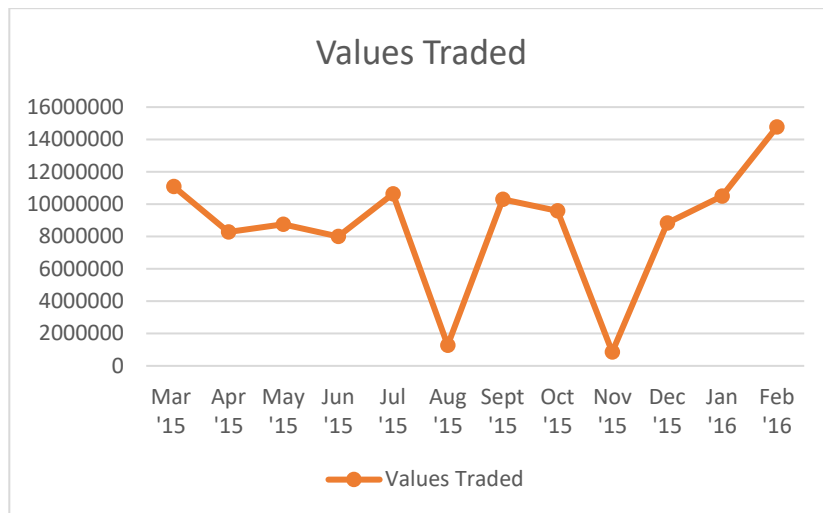
An analysis table of volumes (lots) of gold traded in the exchange:

MONTH	VOLUMES TRADED (LOTS)	% CHANGE IN VOLUMES	VOLUME OF BULLION METALS TRADED	AS % OF BULLION METALS
March '15	10,19,712	-	35,53,150.00	28.70%
April '15	8,13,665	-20.21%	35,57,038.00	22.87%
May '15	8,03,479	-1.25%	34,51,247.00	23.28%
June '15	7,54,286	-6.12%	33,33,552.00	22.63%
July '15	10,53,849	39.71%	36,97,529.00	28.50%
August '15	7,50,960	-28.74%	41,12,385.00	18.26%
September '15	10,46,130	39.31%	-36,57,202.00	-28.60%
October '15	10,11,946	-3.27%	37,48,426.00	27.00%
November '15	5,74,889	-43.19%	28,80,794.00	19.96%
December '15	9,69,622	68.66%	29,96,157.00	32.36%
January '16	10,63,273	9.66%	32,71,503.00	32.50%
February '16	15,05,205	41.56%	39,33,575.00	38.27%
	1,13,67,016		3,48,78,154	



An analysis table of values of gold traded in the exchange:

MONTH	VALUES TRADED	% CHANGE IN VALUES	VALUES OF BULLION METALS TRADED	AS % OF BULLION METALS
March '15	1,10,84,156.64	0	1,80,36,520.29	61.45%
April '15	82,73,176.66	-25.36%	1,58,29,112.42	52.27%
May '15	87,64,286.27	5.94%	1,64,58,904.39	53.25%
June '15	80,03,345.41	-8.68%	1,55,80,265.88	51.37%
July '15	1,06,41,937.39	32.97%	1,78,92,367.84	59.48%
August '15	12,63,478.35	-88.13%	1,92,30,070.80	6.57%
September '15	1,03,05,425.68	715.64%	1,71,11,823.24	-60.22%
October '15	95,78,045.31	-7.06%	1,70,68,811.65	56.11%
November '15	8,55,333.25	-91.07%	1,36,70,014.11	6.26%
December '15	88,31,991.39	932.58%	1,44,35,481.11	61.18%
January '16	1,04,87,355.86	18.74%	1,64,47,542.67	63.76%
February '16	1,47,64,840.16	40.79%	2,15,69,309.55	68.45%
	10,28,53,372.37		16,91,06,577.47	



INTERPRETATION

We can say investors took time to trust the market in case of Gold as there was sudden decline of both values and volumes in November and sudden raise in December.

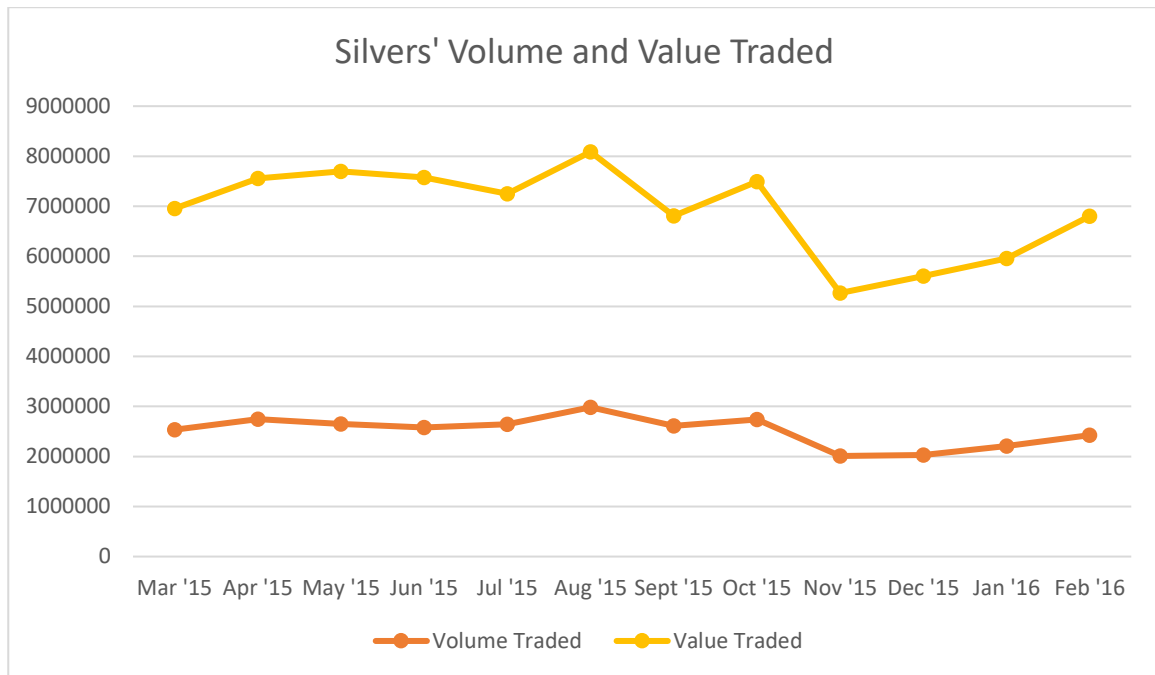
SILVER-

An analysis table of volumes (lots) of silver traded in the exchange:

MONTH	VOLUMES TRADED (LOTS)	% CHANGE IN VOLUMES	VOLUME OF BULLION METALS TRADED	AS % OF BULLION METALS
March '15	25,33,438.00	0	35,53,150.00	71.30%
April '15	27,43,373.00	8.29%	35,57,038.00	77.13%
May '15	26,47,768.00	-3.48%	34,51,247.00	76.72%
June '15	25,79,266.00	-2.59%	33,33,552.00	77.37%
July '15	26,43,680.00	2.50%	36,97,529.00	71.50%
August '15	29,82,482.00	12.82%	41,12,385.00	72.52%
September '15	26,11,072.00	-12.45%	-36,57,202.00	-71.40%
October '15	27,36,480.00	4.80%	37,48,426.00	73.00%
November '15	20,09,909.00	-26.55%	28,80,794.00	69.77%
December '15	20,26,535.00	0.83%	29,96,157.00	67.64%
January '16	22,08,230.00	8.97%	32,71,503.00	67.50%
February '16	24,28,370.00	9.97%	39,33,575.00	61.73%
	3,01,50,603		3,48,78,154	

An analysis table of values of silver traded in the exchange:

MONTH	VALUES TRADED	% CHANGE IN VALUES	VALUES OF BULLION METALS TRADED	AS % OF BULLION METALS
March '15	69,52,363.65	0	1,80,36,520.29	38.55%
April '15	75,55,935.76	8.68%	1,58,29,112.42	47.73%
May '15	76,94,618.12	1.84%	1,64,58,904.39	46.75%
June '15	75,76,920.47	-1.53%	1,55,80,265.88	48.63%
July '15	72,50,430.45	-4.31%	1,78,92,367.84	40.52%
August '15	80,86,306.46	11.53%	1,92,30,070.80	42.05%
September '15	68,06,397.56	-15.83%	-1,71,11,823.24	-39.78%
October '15	74,90,766.34	10.05%	1,70,68,811.65	43.89%
November '15	52,66,249.68	-29.70%	1,36,70,014.11	38.52%
December '15	56,03,489.72	6.40%	1,44,35,481.11	38.82%
January '16	59,60,186.81	6.37%	1,64,47,542.67	36.24%
February '16	68,04,469.39	14.17%	2,15,69,309.55	31.55%
	8,30,48,134.41		16,91,06,577.47	



INTERPRETATION

There was almost no effect on the volumes traded of Silver. The values traded showed a little volatility but still remained low, compared to pre-merger values.

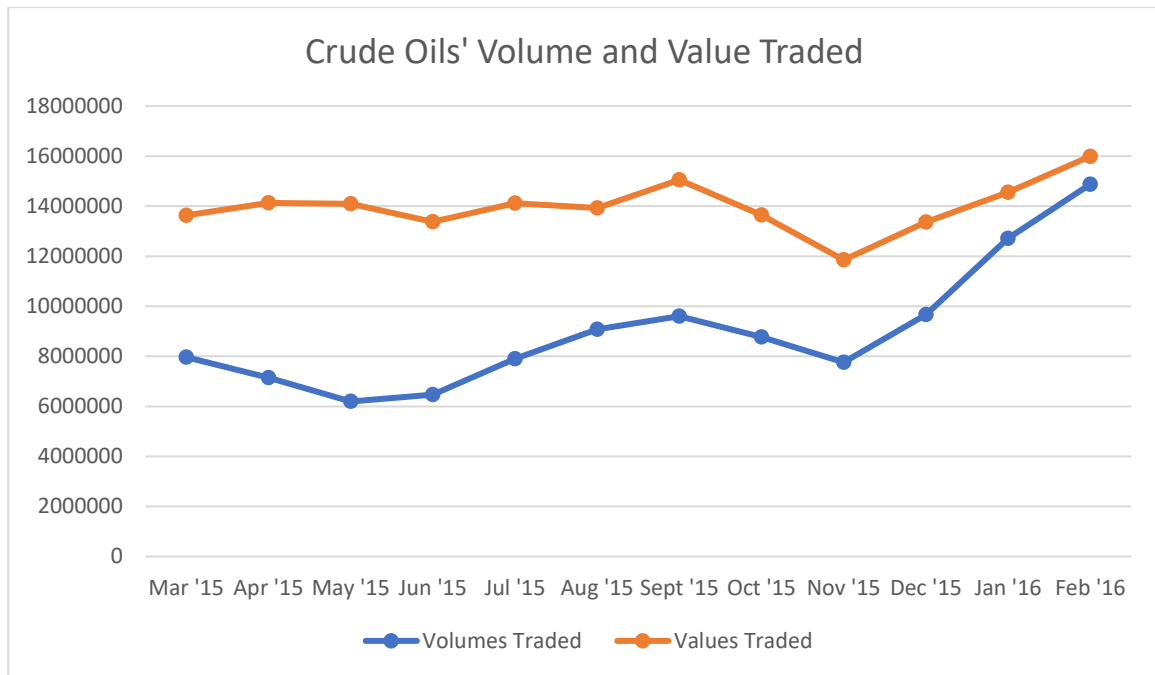
ENERGY COMMODITY**CRUDE OIL-**

An analysis table of volumes (lots) of Crude oil traded in the exchange:

MONTH	VOLUMES TRADED (LOTS)	% CHANGE IN VOLUMES	VOLUME OF ENERGY COMMODITIES TRADED	AS % OF ENERGY COMMODITIES
March '15	79,69,218	0	91,73,694.00	86.87%
April '15	71,40,982	-10.39%	80,32,678.00	88.90%
May '15	61,93,405	-13.27%	71,37,785.00	86.77%
June '15	64,65,846	4.40%	76,15,773.00	84.90%
July '15	78,95,457	22.11%	89,27,950.00	88.44%
August '15	90,80,484	15.01%	99,09,995.00	91.63%
September '15	96,07,483	5.80%	1,03,72,551.00	92.62%
October '15	87,71,749	-8.70%	1,00,02,914.00	87.69%
November '15	77,62,426	-11.51%	89,32,201.00	86.90%
December '15	96,65,561	24.52%	1,10,97,728.00	87.09%
January '16	1,27,05,129	31.45%	1,39,25,788.00	91.23%
February '16	1,48,74,299	17.07%	1,58,15,900.00	94.05%
	10,81,32,039		12,09,44,957.00	

An analysis table of values of crude oil traded in the exchange:

MONTH	VALUES TRADED	% CHANGE IN VALUES	VALUES OF ENERGY COMMODITIES TRADED	AS % OF ENERGY COMMODITIES
March '15	1,36,36,246.32	-	1,62,47,221.83	83.93%
April '15	1,41,26,765.76	3.60%	1,59,48,187.17	88.58%
May '15	1,40,90,683.40	-0.26%	1,62,67,431.64	86.62%
June '15	1,33,75,710.06	-5.07%	1,59,37,812.99	83.92%
July '15	1,41,23,236.95	5.59%	1,64,47,201.92	85.87%
August '15	1,39,29,040.20	-1.38%	1,58,00,664.84	88.15%
September '15	1,50,49,864.07	8.05%	1,67,41,654.22	89.89%
October '15	1,36,39,271.46	-9.37%	1,60,46,912.45	85.00%
November '15	1,18,50,362.44	-13.12%	1,40,85,879.21	84.13%
December '15	1,33,62,714.19	12.76%	1,58,11,990.83	84.51%
January '16	1,45,50,325.97	8.89%	1,68,53,446.34	86.33%
February '16	1,59,91,211.49	9.90%	1,75,65,226.04	91.04%
	16,77,25,432.31		19,37,53,629.48	



INTERPRETATION

Same as Gold, investors took time to trust the market in case of crude oil too. Volumes and values started increasing only after November.

NATURAL GAS-

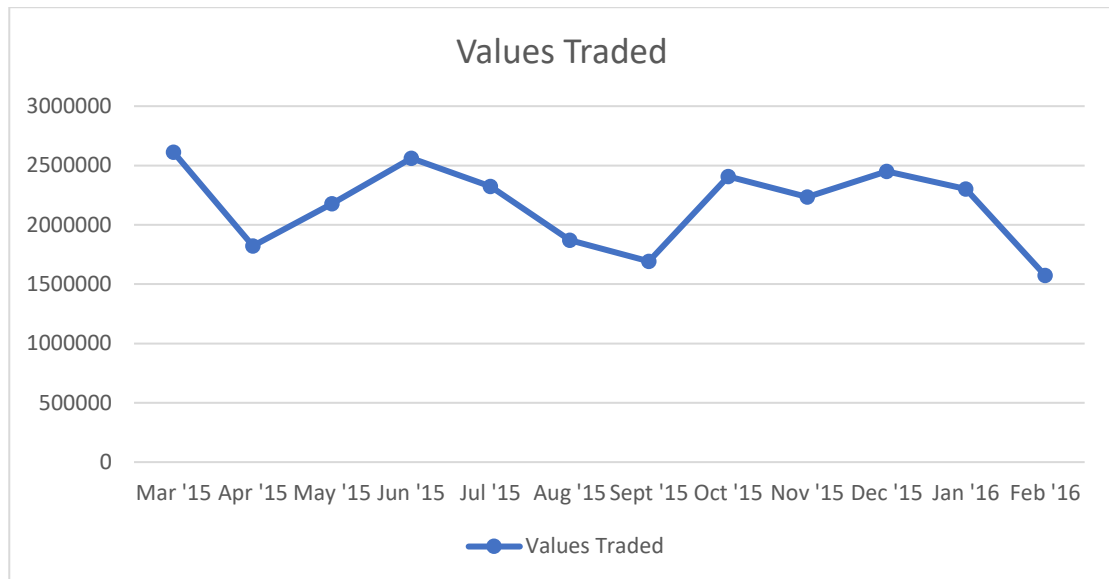
An analysis table of volume (lots) of natural gas traded in the exchange:

MONTH	VOLUMES TRADED (LOTS)	% CHANGE IN VOLUMES	VOLUME OF ENERGY COMMODITIES TRADED	AS % OF ENERGY COMMODITIES
March '15	12,04,476	-	1,62,47,221.83	14.99%
April '15	8,91,696	-25.97%	1,59,48,187.17	12.49%
May '15	9,44,380	5.91%	1,62,67,431.64	12.40%
June '15	11,49,927	21.77%	1,59,37,812.99	12.88%
July '15	10,32,493	-10.21%	1,64,47,201.92	10.42%
August '15	8,29,511	-19.66%	1,58,00,664.84	8.00%
September '15	7,65,068	-7.77%	1,67,41,654.22	7.65%
October '15	12,31,165	60.92%	1,60,46,912.45	13.78%
November '15	11,69,775	-4.99%	1,40,85,879.21	10.54%
December '15	14,32,167	22.43%	1,58,11,990.83	10.28%
January '16	12,20,659	-14.77%	1,68,53,446.34	7.72%
February '16	9,41,601	-22.86%	1,75,65,226.04	0.78%
	1,28,12,918		19,37,53,629.48	



An analysis table of values of natural gas traded in the exchange:

MONTH	VALUES TRADED	% CHANGE IN VALUES	VALUES OF ENERGY COMMODITIES TRADED	AS % OF ENERGY COMMODITIES
March '15	26,10,975.51	-	1,62,47,221.83	16.07%
April '15	18,21,421.41	-30.24%	1,59,48,187.17	11.42%
May '15	21,76,748.24	19.51%	1,62,67,431.64	13.38%
June '15	25,62,102.93	17.70%	1,59,37,812.99	16.08%
July '15	23,23,964.97	-9.29%	1,64,47,201.92	14.13%
August '15	18,71,624.64	-19.46%	1,58,00,664.84	11.85%
September '15	16,91,790.15	-9.61%	1,67,41,654.22	10.11%
October '15	24,07,640.99	42.31%	1,60,46,912.45	15.00%
November '15	22,35,516.77	-7.15%	1,40,85,879.21	15.87%
December '15	24,49,276.64	9.56%	1,58,11,990.83	15.49%
January '16	23,03,120.37	-5.97%	1,68,53,446.34	13.67%
February '16	15,74,014.55	-31.66%	1,75,65,226.04	8.96%
	2,60,28,197.17		19,37,53,629.48	



INTERPRETATION

In case of Natural Gas, the market was very volatile. Therefore, we can say that investors didn't trust the market yet, for Natural Gas.

FINDINGS

FINDINGS

COTTON

We can see that there was a significant change in the volumes of cotton traded after the merger. It went from -4.04% to 121.13%, and in the long run it kept increasing. The percentage of cotton traded in agro commodities also kept increasing. Pre-merger the highest percentage was 25.96% but post-merger it went up to 40.14%.

We can see the same trend in the values of cotton traded. The marginal increase was quite high as it went from -4.86%, on September '15, to 119.95% on October '15. Though it kept increasing in the long-run, the margin of change was not high comparatively.

CARDAMOM

There was no significant effect of merger on cardamom. We can almost say that there was negative effect on the volumes of cardamom traded. Only in the month of December was there a positive and significant change i.e., 73.05%. In case of 'as percentage of agro commodities' also there is no significant change in cardamoms' contribution to the whole agro commodity trade.

In case of values traded, we can say that there was a positive effect as the change in values when from negative to positive (from September to February). But contrary to that there wasn't much contribution as value towards the value of all agro commodities traded.

LEAD

We can say the lead has a no significant change in its volume traded. Although post-merger, the change in volumes when up to 35.51%, it also went down to -16.43%. There was no change in leads' contribution to total base metals volumes traded.

As for effect on values traded, we can say that it was mostly negative effect. But when it comes to as percentage of base metals, leads' contribution to it has increased in small amount.

Thus, we can conclude that there was a neutral effect on lead.

COPPER

There was a negative effect of the merger on copper.

In case of volumes traded, the percentage change in volumes went into negative after the merger. In case of values traded, the percentage change in values went negative at high rate

In contrast, lead as a percentage of base metal (both volumes and trade) remained almost as same as it was pre-merger.

GOLD

We can see a significant change in the volumes of gold traded in the exchange after the merger. Though there were negative changes in two months but we can say the increase after those two months were compensated. As for as percentage of the bullion metals, we can say that there was almost neutral effect on it. It was mostly between 20-30% range.

When we look at the values of gold traded, we can see that there was drastic decline in the value of gold. It went from 715.64% in September to -7.06% in October and kept going down to -91.07% in December. But after that month, the value of gold went high up to 932.58% and again went down.

We can say that the effect of merger on gold was quite volatile but mostly positive.

SILVER

There was little to no effect on silver after the merger. The percentage change in silver remained one digit and one time became negative. The same goes for as percentage of bullion metals.

Percentage change in values of silver had a little volatility but never went above 15% change. Silver as percentage of Bullion metals remained stable mostly.

CRUDE OIL

In the case of crude oil, the merger had little effect on the volumes of crude oil traded. It did increase and as high as 31.45% post-merger. The same goes for “as percentage of energy commodity”. We can see that the volumes started increasing from December.

In case of values of silver and as percentage of energy commodities, December was the point where values started increasing, before that it was negative.

We can conclude that the merger had slow effect of silver but it did have a positive effect on it.

NATURAL GAS

As we can see in the graph that the percentage is very fluctuating, for both Volumes and Values traded, whether it is pre-merger or post-merger.

It did increase a few times but towards the end of the period it started decreasing. But as a whole the data is quite fluctuating, so we can expect the volumes and values to go up in the long run.

CONCLUSION

CONCLUSION

The conclusion of this project report is that the merger of SEBI and FMC did have a positive and significant effect on the commodities market.

We saw that few commodities did have negative or insignificant effect, but most of them shows trades of volatile nature. We can also consider the fact that due to the merger, it took the market and investors, both to adjust to the new market regulations and believed that the market was not stable enough to be invested. So, we can assume that in the long-run these few commodities will grow positive in nature, gaining investors' trust.

Thus, as per our findings of our analysis we conclude that the merger was a success and met its objectives as investors start trusting the commodity market more.

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BIBLIOGRAPHY

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