**FEN INDIA AND EM-OCTOBER 2017**

["Motivation and Concern for Use of Financial Derivatives"](https://hq.ssrn.com/Journals/RedirectClick.cfm?url=https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3034193&partid=22912&did=357011&eid=868289)  The MA Journal, Vol. 52(5), p. 63-73, May 2017

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Financial Derivatives are the new age corporate risk management tools adopted by corporates world-wide. Most of the large corporate entities are using financial derivatives to hedge their exposures against varieties of risk. But still financial derivative has not become the universally accepted risk management technique. However, companies are also apprehending about the risk of using financial derivatives in risk management. In this paper, we have tried to unearth the possible determinant and motivating factors as well as the concerns of the corporate entities in using derivatives as an accepted risk management tool. Data has been collected through Google Forms from various sources like corporates, executives of broking firms, executives of consulting firms and other financial experts like university professors and researchers. The findings of the survey imply that Indian corporates pretty much interested in overall risk reduction and they frequently use derivative instruments in managing foreign exchange risk, interest rate risk and moderately use derivatives in commodity risk management.

["Nonperforming Loans in Banks – Are Managers Only Responsible?"](https://hq.ssrn.com/Journals/RedirectClick.cfm?url=https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3043620&partid=22912&did=357858&eid=1575649) Free Download

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Given the fact that Indian banking sectors are marred by the crisis of nonperforming loan, the study tries to find out the factors responsible for such crisis across ownership and size of the banks, using binomial multivariate panel logistic regression. Overall, it is found that regulatory measures such as CAR and economic growth such as credit to GDP ratio are irrelevant for probability of NPAs. Nevertheless, diversified sources of income and return on assets (ROA) help the banks to reduce their probability of loan assets becoming NPAs. On the other hand, loan size and provisioning contribute positively to probability of NPAs. As far as ownership is concerned, return on assets and diversification of sources of income help both the group of banks to trim the probability of NPAs. On the other hand, in both the cases probability of NPAs increases following the increase in credit to GDP ratio and provisioning. Further as far as bank size is concerned. ,return on assets (ROA) and diversified sources of income help the small size banks in downsizing the probability of NPAs, whereas only diversified sources of income helps the large size banks in this regard. However, for both large and small category banks, higher “Provisioning” is found to be positively related to higher probability of NPA. Credit to GDP ratio contributes to higher probability of NPAs in case of only large banks .On the whole for controlling NPAs, performance of managers may be given more emphasis rather than bringing out regulations.

[Investing Globally: Why Indian Investors Should Consider Global Allocations"](https://hq.ssrn.com/Journals/RedirectClick.cfm?url=https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3039408&partid=22912&did=357011&eid=868289) Free Download

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Over the last three decades, Indian equity markets generated strong investment returns with local currency returns of nearly 15%. In this article, we show that adding a global equity allocation resulted in lower portfolio risk. Additionally, against the commonly held perception, the improvement in risk did not come at the expense of investment returns.

[High Quality Stocks in Indian Markets"](https://hq.ssrn.com/Journals/RedirectClick.cfm?url=https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3049562&partid=22912&did=358983&eid=895524) Free Download

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An investor, as Warren Buffett, said should think like a part-owner when investing in common stocks. As a part-owner, the investor should be concerned about the competitive positioning of the business he/she is invested in. A business that is relatively insulated from competitive actions, will generate superior returns on its invested capital.   
  
In this paper, we discuss the key characteristics of such businesses in the Indian equity markets, businesses we refer to as High Quality (HQ) businesses. Chief among the characteristics of a HQ business is the existence of “sustainable” competitive advantage. We discuss an investment process for selecting HQ businesses based on three fundamental variables and show the risk and return of investing in HQ stocks in the Indian equity markets as compared to the NIFTY 50 Index.