

# Average daily volume zooms 117% in IRF on NSE

KOLKATA, AUG 25: The average daily volume in interest rate futures on National Stock Exchange has zoomed by 117% from April'14-July'14 to April'15-July'15. It has gone up from Rs 1173 crore in April'14-July'14 to Rs 2547 crore in April'15-July'15.

The average daily turnover has seen an even higher jump of 160% when compared for a six-month span, from Jan-July'14 to Jan-July'15. It has gone up from Rs 984 crores to Rs 2562 crores.

Ravi Varanasi, chief, business development, National Stock Exchange, says, "Now that more products are available at NSE with different tenures, there are more choices available in the IRF seg-

ment. As interest rate affects almost everyone, participation in this segment is increasing."

Since its launch in January 2014, NBF II has seen considerable success with NSE making intensive efforts to make the debt market more popular in India.

NSE introduced two new NBF II or IRF (interest rate futures) contracts last month at the back of growing volume and open interests in IRF. One bearing 8.27% interest and maturing in 2020 while the 7.78% contract maturing in 2030.

With these new products available, four different interest bearing government securities are traded on the exchange platforms as underlying.

Earlier, on May 28, 2015, on 7.72% government securities started trading on the exchange market. Apart from these contracts, the 10 year tenure IRF contract associated with 8.4% government security is also traded.

An Interest Rate Futures contract is "an agreement to buy or sell a debt instrument at a specified future date at a price that is fixed today". An IRF contract can be used by any people to offset the risk associated with the interest rate movements. The IRF derivative is considered to be a good hedge for changes in interest rates. The exchange has around 90% market share in the IRF segment.