



भारतीय रिज़र्व बैंक
RESERVE BANK OF INDIA

वेबसाइट : www.rbi.org.in/hindi

Website : www.rbi.org.in

ई-मेल/email: helpdoc@rbi.org.in

संचार विभाग, केंद्रीय कार्यालय, एस.बी.एस.मार्ग, मुंबई-400001

Department of Communication, Central Office, S.B.S.Marg, Mumbai-400001

फोन/Phone: 022- 22660502

December 15, 2020

**RBI Working Paper No. 13/2020:
Price Discrimination in Over-the-Counter Currency Derivatives**

Today the Reserve Bank of India placed on its website a Working Paper titled "[Price Discrimination in Over-the-Counter Currency Derivatives](#)" under the Reserve Bank of India Working Paper Series.* The Paper is authored by Abhishek Kumar and Vidya Kamate.

This paper provides empirical evidence on the presence of considerable price discrimination in the Indian over-the-counter (OTC) currency derivatives market. Clients transacting with a single dealer counterparty paid an average markup of 18 paise, which falls to 9 paise for clients transacting with two dealers, and close to zero for clients transacting with ten or more dealers. This alludes to the role of bargaining power in pricing, possibly on account of dealer access. Retail clients (individuals, proprietorship firms and small firms) and unlisted firms were charged a higher markup of 19 paise and 11 paise, respectively, *vis-à-vis* listed firms and foreign investors, who paid a much lower markup of 3 to 4 paise. A majority (83 per cent) of clients transacted with a single dealer counterparty hinting at difficulties related to dealer access. The findings of the study make a case for improving market access to enhance competition which may result in better pricing for clients.

Press Release: 2020-2021/780

(Yogesh Dayal)
Chief General Manager

* The Reserve Bank of India introduced the RBI Working Papers series in March 2011. These papers present research in progress of the staff members of the Reserve Bank and are disseminated to elicit comments and further debate. The views expressed in these papers are those of authors and not of the Reserve Bank of India. Comments and observations may kindly be forwarded to authors. Citation and use of such papers should take into account its provisional character.