⇒ Distinction between futures & forwards :-

Basis	Futures	Forwards
① Trading	Trade in a Competitive arena (recognized) exchange.	Traded by telephones or telex (OTC)
② Size of Contract	Standardized in each futures Market	Decided b/w Buyer & Seller.
③ Prices of Contract	Changes every day.	Remains fixed till Maturity.
④ Mark to Market	Marked to Market every day.	Not Done..
⑤ Margin	Margins are to be paid by both buyers & Sellers.	No Margin required.
⑥ Counter Party Risk.	Not Present.	Present.

(7) No. of Contracts in a year.	No. of contracts in a year is fixed.	There can be any No. of contracts
(8) frequency of Delivery	Very few futures contracts are settled by actual delivery.	90% of all forward contracts are settled by actual delivery
(9) Hedging	Hedging is by Nearest month and Quantity contracts, So, it is not perfect.	These are tailor-made for specific date and Quantity. So, it is perfect.
(10) Liquidity	Highly liquid	No liquidity
(11) Nature of Market	Exchange traded	Over the Counter.
(12) Mode of Delievery	Standardized. Most of contracts are cash-settled.	Specifically decided. Most of the contract result in Delivery.