

CHALLENGES TO WEATHER DERIVATIVE INSTRUMENTS IN INDIA – A STUDY

DR.E.V.P.A.S.PALLAVI

ASSISTANT PROFESSOR
SCHOOL OF MANAGEMENT, M.V.G.R. COLLEGE OF ENGINEERING,
(APPROVED BY AICTE, NEW DELHI & AFFILIATED TO JNT UNIVERSITY, KAKINADA)
VIJAYANAGAR COLONY, CHINTALAVALLASA, VIZIANAGARAM (DIST).

ABSTRACT:

India is an agricultural based economy. The uncertain global weather conditions particularly in 2010 have effected many businesses and industries especially commodities. Companies start paying high prices for the commodities which passes on to consumers and farmers too. Climate change is increasing the risk that corresponds more to businesses affected by the changing weather. In order to hedge the risks caused by weather, need to have the weather derivative instruments to mitigate the negative impact of weather on the economy. In order to hedge the weather risks, it is necessary to have the weather derivative instruments to mitigate the negative impact of weather on the economy. The present study focused on the challenges to weather derivative instruments in India.

KEY WORDS: Weather, Weather derivative instruments.

References:

1. Melanie Cao and Jason Wei (2001), The Nature and Use of Weather Derivatives
2. Harvey Sturn (2002), Learning Curve, Using Weather Derivatives to Mitigate Financial Risks.
3. Financial Engineering Associates (2000), Weather Derivatives: Instruments and Pricing Issues.
4. K.Nagarajan (2009), Weather Derivatives : A need for Indian farmers.
5. Anil K Sharma (IIT Roorkee), Weather Derivatives: Risk Hedging prospects for agriculture and power sectors in India.
6. John c hull- Options, Futures and Other derivatives, fifth edition, LPE
7. McDonald, R.L (2008) Fundamentals of Derivatives Markets. Addison Wesley.