CHALLENGES TO WEATHER DERIVATIVE INSTRUMENTS IN INDIA – A STUDY

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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.

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