NCDEX
Progati ka Solid Exchange

India's First
Exchange-Traded Weather Derivative

RAINMUMBAI
by
NCDEX

SEBI-regulated | **IMD-powered** | **IIT Bombay-designed**

Market Potential

$25 billion Global weather derivatives market.

India's current exchange-traded share. **0%**

26% Mumbai monsoon rainfall annualised daily volatility in 2025 — comparable to equity indices.

Weather notified as Goods under SCRA, 2024.

RAINMUMBAI

A regulated, exchange-traded instrument that converts weather uncertainty as

Manageable

Measurable

Tradeable

FIRST: **India's first** exchange-traded, SEBI-recognized weather derivatives index

SCIENTIFIC: Built on **IMD's audited**, daily, station-level rainfall data (97-100% availability)

REGULATED: **SEBI** framework; transparent index methodology; no discretionary settlement

COMPLIMENTARY: **compliments insurance**; hedges volume & income, not physical damage

ACCESSIBLE: **Exchange-traded** with standardised lot size; Rs. 50/mm multiplier; cash-settled

Product Details

Type of Contract: Futures Contract	
Name of Commodity: Weather Derivatives (Mumbai Rainfall)	
Ticker Symbol: RAINMUMBAI	
Basis: Mumbai*	
Unit of Trading: 1 Lot 1mm = Rs.50.00 (Multiplier = Rs.50 per mm)	
Lot Value (Rs.) at Base price: 110335	
Maximum Order Size: 50 Lots	
Tick Size: 1 mm	
Underlying: Deviation LPA	
Settlement: Cash Settled	
Trading Hours: Mondays through Fridays: 10:00 a.m. to 11.30 p.m. /11:55 p.m.	
Daily Price Limit (DPL): Initial Slab: 6%, Enhanced Slab: 3%, Aggregate DPL: 9%	
Last Trading Day: Business day immediately preceding the last calendar day of the contract expiry month	
Final Settlement Price (FSP): FSP will be the underlying spot value arrived on next calendar day of last trading day	

Why Rainfall?

- Primary Driver of Indian Monsoon Risk
- More Predictable Commercial Demand (Hedging)
- Larger tail risks (droughts, extreme precipitation)
- Higher year-to-year variance
- Regulatory & Industry Familiarity with Rainfall as Index
- Better Pricing Opportunities

Why Mumbai?

- Strong data backbone
- Most tracked for intended purposes
- High value at risk – Industry concentration (HQ)
- Communication Advantage – Benchmark
- High Volaitility
- More number of rainy days in monsoon season – More trading opportunities and risk distributed

How RAINMUMBAI Works — Step by Step

IMD Records Rainfall : Surface observations at Santacruz & Colaba stations. Data transmitted via API by 9:00 AM daily

CDR Spot Updated : NCDEX calculates daily deviation from LPA. Spot updated by 9:15 AM. One update per trading session.

Futures Trade on NCDEX : Monthly contracts (Jun–Sep) trade 10 AM–11:55 PM. Rs.50/mm multiplier. Up to 50 lots per order.

Contract Expires : Last trading day = business day before last calendar day of month. FSP = final CDR spot value.

Cash Settlement T+2 : All open positions settled in cash at FSP. No physical delivery. No loss declaration required.

CDR — Monsoon Cumulative Deviation Rainfall

Daily Deviation = Actual Rainfall − Daily LPA
CDR Spot (Day t) = CDR (Day t−1) + Daily Deviation
Starting Anchor = 2,206.7 mm

↑ **Rain** Spot rises above LPA
↓ **Drought** Spot falls below LPA

Continuous spot — no monthly discontinuity. Spot carries forward each contract month, enabling seamless hedging across the full June–September season.

BUYERS — Hedge Rainfall Risk

Industries with negative earnings correlation to adverse rainfall seek protection. They may buy RAINMUMBAI contracts to offset business losses.

Economic Logic to hedge risk –

- Revenue volatility / Cost escalation
- Demand destruction / Rainfall sensitive consumption
- Supply Disruption / Monsoon-Linked Raw Material Availability
- Capacity underutilization / High Operating Leverage

Farmers & FPOs
Hedge crop yield loss from drought or waterlogging

Banks & NBFCs
Hedge NPA risk in agri-loan portfolios from rainfall deficit

Power Distributors
Low hydro generation → higher spot procurement costs

Construction Firms
Hedge project delays and cost overruns from heavy rain

Airlines & Cargo; Courier Companies & Delivery people
Hedge operational disruptions from excess monsoon rainfall

Agri-Processors
Hedge raw material supply shortfalls from drought years

SELLERS — Monetise Weather Exposure

Industries with neutral or positive correlation to adverse rainfall may monetise weather exposure. They may take opposite position on RAINMUMBAI

Economic Logic to monetise rainfall exposure –

- Stable or rising demand
- Gain pricing power
- Benefit from excess rainfall/ drought conditions
- Limited dependence on agriculture
- Reconstruction or Repair Linked

Hydro Producers
More rain = higher generation; sell contracts in excess rain forecasts

Solar Power Firms
Drought means more sunshine → higher solar output

Agri Exporters
Diversified export exposure can benefit from surplus rainfall

Financial Institutions
Act as market makers, providing liquidity for premium income

Event Organisers
Outdoor events benefit from dry conditions; hedge accordingly

Cement & Beverage
Water-intensive industries often benefit from excess rainfall

Parameters	Traditional Insurance	RAINMUMBAI
Coverage	Low-probability, high-damage events only	Any rainfall deviation, frequent fluctuations
Trigger	Physical damage must be declared	No loss declaration required
Process	Govt. intervention often needed	Exchange-settled, automatic
Hedges	Covers physical crop damage	Income, volume & revenue risk
Cost	Higher premium, complex claims	Market-priced, transparent
Speed	Delayed, reactive response	Daily settlement, real-time hedge

Abbreviation: **IMD**- Indian Meteorological Department **CDR**- Cumulative Deviation Rainfall **LPA**- Long Period Average **FSP-** Final Settlement Price

For more details please visit: www.ncdex.com / askus@ncdex.com/ Corpcomm@ncdex.com or call 1800 -266 -2339