



INDIAN INSTITUTE OF MANAGEMENT KOZHIKODE



Working Paper

IIMK/WPS/616/FIN/2024/05

March 2024

Derivative accounting and Hedging : Indian evidence

Shivani Sahoo ¹
Ekta Sikarwar ²

© All rights belong to their respective authors.
Please contact the corresponding authors for queries.

¹Author

²Associate professor, Finance, Accounting and Control Area, Indian Institute of Management Kozhikode, IIMK Campus PO, Kunnammangalam, Kozhikode, Kerala 673 570, India; Email - ekta@iimk.ac.in, Phone Number - 0495 2809676

Derivative accounting and Hedging : Indian evidence

Abstract:

This study examines the effect of the change in the derivative accounting standard on firms' hedging activities. Using a sample of Indian firms, the results find that a change in the derivative accounting standard causes a decline in firms' hedging activities and increases their exchange rate risk. The findings suggest that a change in accounting rules restrain firms from sound hedging practices and firms alter their hedging practices to qualify for new accounting norms.

Keywords: *Derivative Accounting, Hedging, India*



भारतीय प्रबंध संस्थान कोषिकोड
Indian Institute Management Kozhikode
Globalizing Indian Thought

Research Office
Indian Institute of Management Kozhikode
IIMK Campus P. O.,
Kozhikode, Kerala, India,
PIN - 673 570
Phone: +91-495-2809237/ 238
Email: research@iimk.ac.in
Web: <https://iimk.ac.in/publications>

