
AGRICULTURAL RISKS AND CLIMATIC CHANGE MANAGEMENT

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ABSTRACT

Risk and uncertainty are inherent in agriculture, and they have a direct impact on output and profitability. Risk management is a useful strategy for farmers to reduce uncertainty. Weather risks as droughts, floods, windstorms are frequent and the economy are heavily dependent on them. These variables affect many families and companies in the same area at the same time. However, there is a scarcity of research on combining several risk management methods at once, as well as the possibility for overlap and consequences. Climate change adaptation in agriculture is important for evaluating the impacts and vulnerabilities of climate change as well as creating climate change policy. To insulate farmers against risks in agriculture, the government has implemented various schemes such as the National Agricultural Insurance Scheme and weather index-based crop insurance schemes, and this paper develops a typology of adaptation to systematically identify and define agricultural adaptation options to climate change. After that, the topic of risk management is addressed, followed by a look at hedging models. We wrap up with a thorough examination of agricultural insurance, focusing on the moral hazard and adverse selection issues that crop insurance raises.

KEYWORDS: *Adaptation, Climate Change, Crop Insurance, Policy, Weather.*

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