

# *Preface*

*Agriculture is of paramount importance to the economy of our country, not only because it gives direct employment to 2/3rd of our population but also because it is a provider of food, clothing, and other basic necessities of life for the entire population. It also provides vital raw material for other industries. Agriculture, therefore, is and will continue to be central to all strategies for planned socio-economic development of the country. Rapid growth of agriculture is essential not only to achieve self-reliance at national level but also for household food security and also to tackle the problems of poverty, unemployment and environmental degradation. Our agriculture is distinguished by the unpredictable and uncontrollable vagaries of nature. Nature takes a toll on the agricultural sector by way of floods, draughts, landslides, cyclones, storms and land degradation. Failure of agricultural sector creates a vicious circle - the prices of the commodities go up causing an upward trend in inflation and the Non Performing Assets of the banking sector bundle up owing to non-payment of loans, resulting lot of suicides of farmers. To overcome this, the concept of crop insurance has come in.*

Here in the present study there would be an utmost concentration on appraisal of the crop insurance schemes by examining Portfolio Risk Management of crop insurance in India with a view to assess the risk exposure of the existing crop insurance schemes in India to develop a sound risk retention and risk transfer strategy for the insurance company with special reference to Agricultural Insurance Company of India Ltd. The Study has got tremendous importance because it proposes to build and design suitable stochastic financial model(s) to simulate the portfolio of the selected company under different scenarios so that it may become commercially sustainable both in terms of being remunerative and professionally administered under the era of globalization. It is expected that this study will be able to contribute some new knowledge to the different insurance companies so far as their risk management in agriculture is concerned.

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