

A STUDY OF FARMER'S PERCEPTION AND BENEFITS OF CROP INSURANCE WITH SPECIAL REFERENCE TO ARVI TALUKA

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Abstract :

Agriculture & Farm income in India are frequently affected by natural disasters such as drought, floods, cyclones, storms, winds, hail, frost, winterkill, fire, lightning excessive, plant diseases and any other unavoidable perils not caused by neglect or failure to follow established good farming practices etc. All these events severely affect farmers through loss in production and farm income and they are beyond the control of the farmers. There is need to recover this loss. The Arvi Taluka came under drought-prone area, hence farmers are suffering from agricultural loss, crop insurance scheme provide protection to them for recover agriculture loss. National Agricultural Crop Insurance Scheme (NAIS) is implemented by Agriculture Insurance Company of India Limited through General Insurance Corporation of India Limited with help of implementing agencies like Nationalized banks, Regional Rural Banks and Cooperative banks. In present study researchers have analyzed the A study of Perception of Farmers and Benefits of Crop Insurance Scheme with special reference to Arvi taluka.

Keywords: Crop Insurance, Agriculture, Natural calamities, NAIS.

Introduction:

Agriculture played vital role in economic development of India. At present 70 per cent population of the country dependent on agriculture but Indian agriculture dependent on monsoon which is always flexible. It leads to operating risk in cultivation of different crops. Natural calamities may effect on the yield from agriculture sector. To cover the risk which may occur in future, there is need to some provision and crop insurance is only mechanism available to safeguard against production risk in agriculture. Farmers in Arvi Taluka facing the problem of drought in several years hence crop insurance is one of the important tool to safeguard the farmers from agricultural loss. Crop insurance is one method by which farmers can stabilize farm income and investment and guard against disastrous effect of losses due to natural hazards or low market prices crop insurance not only stabilizes the farm income but also helps the farmers to initiate production activity after a bad agriculture year. It spreads the crop losses over space and time helps farmers make more investments in agriculture.

Objectives of the study:

1. To study the awareness of farmers about crop insurance scheme.
2. To study the benefits of crop insurance to farmers

Methodology:

Ten villages from Arvi Taluka were selected for the present study. The primary data have been collected by using structured questionnaire from 100 insured farmers and 100 non-insured farmers. The secondary data in respect of crop insurance at the taluka level have been collected from the Taluka level Agriculture office and Banks. The data have been processed with the help of tabular analysis method as well as Simple statistical techniques like measures of central tendency and percentage. The data have been presented with the help of different graphs and charts. The researchers have also used software's like MS Excel and SPSS etc

Farmers perception about crop insurance:

Table No 1

Farmers Perception about Crop Insurance

Sr. No	Awareness	Insured Farmers				Non-insured Farmers			
		Respondents		Percentage		Respondents		Percentage	
		Yes	No	Yes	No	Yes	No	Yes	No
1	Do you know the information about crop insurance?	98	02	98	02	24	26	48	52
2	Do you know the procedure of taking crop insurance?	81	19	81	19	12	38	24	76
3	Do you know the information about other agricultural insurance?	73	27	73	27	09	41	18	82
4	Can workshop/orientation program arranged to provide crop insurance information?	48	52	48	52	09	41	18	82
5	Need for arrangement of workshop/orientation program?	97	03	97	03	37	13	74	26
6	Do you know information about crop secured under NAIS?	79	21	79	21	12	38	24	76

Source: Field Survey

The table no.1 shows farmers perception about crop insurance scheme. The awareness of

farmers and benefits received by them is correlated. Hence, there was need to check the awareness of farmers.

1. 98% out of total insured farmers and 26% out of 50 non-insured farmers know the crop insurance scheme. It indicates most of the farmers are know the crop insurance however they are less interested to take up crop insurance. After discussion with the farmers it is observed that the farmers are not willing to take crop insurance because they thinks there may be corruption at the time of compensation, it will be lengthy process and the services of financial institutions are not satisfactory.
2. Out of total insured farmers 98% knows what crop insurance is? But only 81% insured farmers know the procedure of insuring crops. Similarly 26% non-insured farmers heard about crop insurance scheme and 24% know the procedure of it. The reason is the farmers are not well educated hence they don't know the procedure. They insured their crops with the help of other educated persons or sometimes they insured their crops due to banks pressure, hence they not interested to understand the procedure of crop insurance scheme.
3. In spite of crop insurance, other agricultural insurance schemes are available to the farmers to recover agricultural losses. Out of total insured farmers 73 respondents have the information about other agricultural insurance and 9 out of 50 respondents (18%) heard about other agricultural insurance schemes. It indicates insured farmers are aware about crop insurance scheme as well as other agricultural insurance schemes.
4. Workshops and orientation programs are needed to provide basic information about crop insurance scheme and its procedure. Out of 100 insured farmers only 48% respondents mentioned that workshop/ orientation programs are arranged to provide information about crop insurance scheme, whereas only 18% non-insured farmers know about workshop/orientation programs.
5. In above point 48% respondents said that workshop/ orientation programs are arranged but 97% insured farmers and 74% non-insured farmers are said that there is a need of arranging such type of program.
6. All types of crops are not insured by NAIS. Only few crops jowar, Bajra, onion, potato, and groundnut are secured under NAIS in Arvi Taluka. Only 79% respondents know the crops which can be secured under NAIS. On other hand 24% non-insured farmers has not information about different crops secured under NAIS.

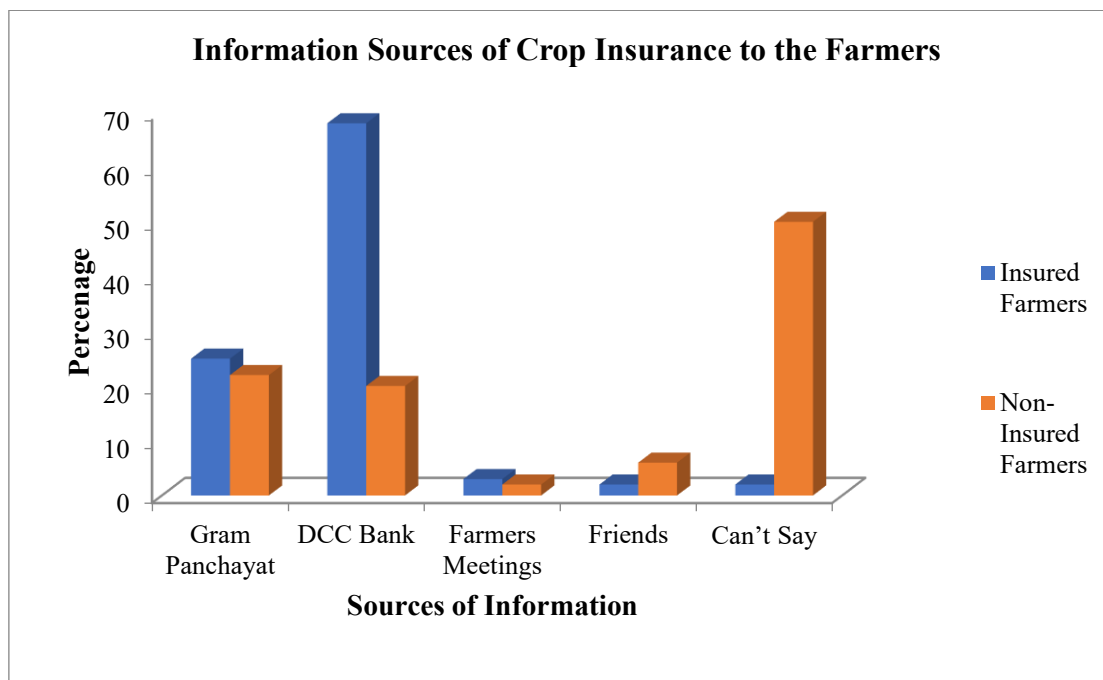
Table No 2
Information Sources of Crop Insurance to the Farmers

Sr. No	Source	Insured Farmers		Non-insured Farmers	
		Respondents	Percentage	Respondents	Percentage
1	Gram Panchayat	25	25	11	22
2	DCC Bank	68	68	10	20
3	Farmers Meetings	03	03	01	02
4	Friends	02	02	03	06
5	Can't Say	02	02	25	50
Total		100	100	50	100

Source: Field Survey

Graph No. 1

Information Sources of Crop Insurance to the Farmers



The table 2 reveals the information sources available to the farmers about crop insurance scheme. Major source of information of crop insurance is D.C.C. Bank and Gram Panchayat. 68% insured and 20% non-insured farmers getting information from D.C.C. Bank and 25% insured and 22% non-insured getting from Gram Panchayat respectively. Other sources of information are by farmer's meetings (5% and 2%) friends (2% and 6%) respectively. D.C.C bank is important source of information because it is implementing agency of crop insurance in Arvi Taluka. Gram Panchayat also take part in crop cutting experiment hence it is also important source of information to the farmers.

Table No 3

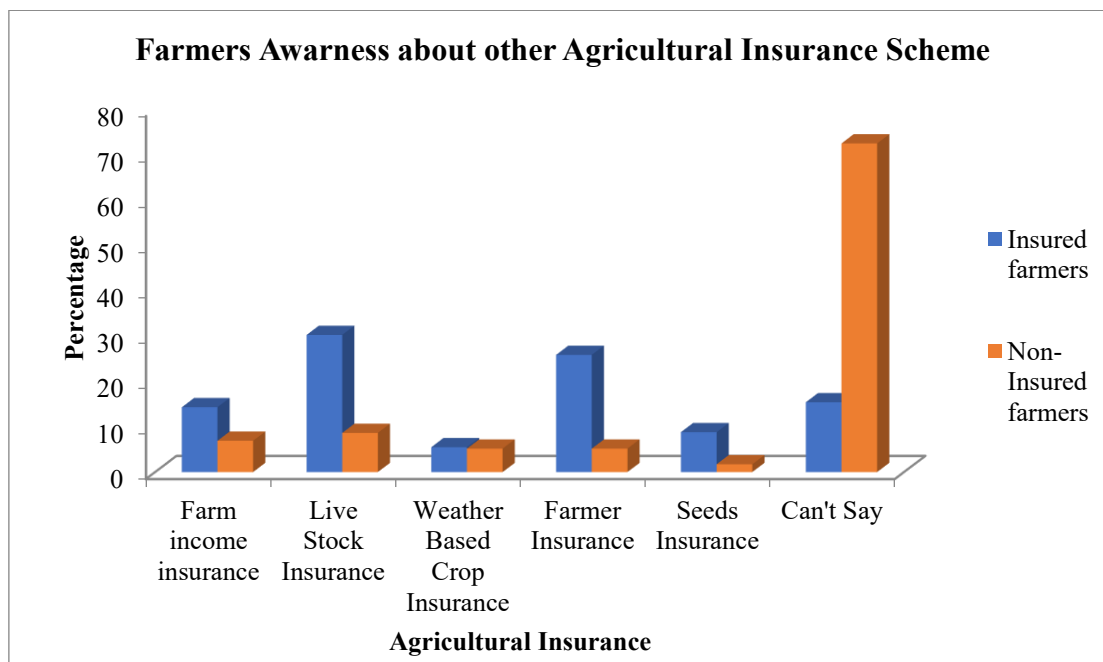
Farmer's Awareness about Other Agricultural Insurance Scheme

Sr. No	Agricultural Insurance	Insured Farmers		Non-insured Farmers	
		Frequency	Percentage	Frequency	Percentage
1	Farm Income Insurance	26	14.29	04	6.90
2	Live-Stock Insurance	55	30.22	05	8.63
3	Weather Based Crop Insurance	10	5.49	03	5.17
4	Farmer Insurance	47	25.82	03	5.17
5	Seeds Insurance	16	8.79	01	1.72
6	Can't Say	28	15.39	42	72.41
Total		182	100	58	100

Source: Field Survey

Graph No. 2

Farmer's Awareness about Other Agricultural Insurance Scheme



Other agricultural insurance schemes are important to the farmers. Table 3 and graph 2 no shows the known agricultural insurance schemes to the farmers. 30.22% insured farmer's familiar with Live-stock Insurance and 25.82% insured farmers have information about Farmer Insurance. The Farm income insurance (14.29%), Weather Based Crop Insurance (5.49%) and Seeds Insurance (8.79%) are other Agricultural insurance schemes known by farmers in Arvi Taluka.

On the other hand, 72.41% farmers can't hear about other agricultural insurance scheme. Mostly insured farmers are having good knowledge about agricultural insurance rather than non-insured farmers, because due to crop insurance scheme, they are easily accessing the information about other agricultural insurance scheme.

Table no 4
Benefits of Crop Insurance to the Farmers

Sr. No	Benefits of Crop Insurance	Respondents		Percentage	
		Yes	No	Yes	No
1	Investment should get return due to crop insurance?	14	86	14	86
2	Can crop insurance is benefited for your financial planning?	40	60	40	60
3	Can crop insurance support to your farm income?	54	46	54	46
4	Can crop insurance benefit you for income stability?	65	35	65	35
5	Can crop insurance provide financial security to you?	50	50	50	50
6	Can crop insurance cover business risk in agriculture?	37	63	37	63
7	Can you make new experiments in farming due to crop insurance?	27	73	27	73
8	Can you bearing loss when crops are not insured?	92	08	92	08
9	Can you face difficulties to meet daily needs when crops are not insured?	24	76	24	76

Source: *Field Survey*

The above table and graph indicates benefits received by farmers from crop insurance. The crop insurance scheme is important to the farmers.

1. Farmers invest money, by purchasing seeds, fertilizers, equipments and hiring labour etc. Once loss occurred in farm activities, farmers lost their investment. However, 86% insured farmers think that, if loss occurred, farmers get back their investment due to crop insurance, but 14% farmers thinks that, they can't get their investment return due to crop insurance. It means the crop insurance is really benefited to the farmers to get their investment back, which is useful to them for next crop season.
2. Crop insurance is not a source of income to the farmers. It only supports the farmers to recover their agricultural loss. In above table 54% farmers think that crop insurance helping the farmers for farm income and remaining 46% don't think that crop insurance assist for a farm income to the farmers. The income of small and marginal farmers is very low, hence they think that crop insurance support their farm income.
3. Financial planning is most important not only for farmers but also for every people. 60 (60%) farmers agreed that crop insurance is benefited them for their financial planning but 40 (40%) didn't think so. The scheme is really useful for financial planning. Though big farmers are not giving much important once to crop insurance, small and marginal farmers needed crop insurance because most of the small and marginal farmers depend upon it.

4. Agricultural income is not stable. It varies according to the climatic condition, market conditions and all other factors. 65% out of 100 respondents accept that crop insurance is benefited for income stability, remaining 35% said that crop insurance is not support them for income stability. Crop insurance is not only causing which support for income stability. Other factors, such as good climatic conditions, market price, farmer's consistency of work and farmer's contributions are also important for income stability.
5. Financial security is very crucial to the small and marginal farmers. 50% farmers feels that crop insurance provide financial security and remain half of the farmers thinks that crop insurance does not provide any financial security. Reason is same which mentioned in point no.2 of same table i.e. big farmers don't think crop insurance provide financial security but small and marginal farmers benefited from crop insurance in form of financial security.
6. Farmers are risk takers. They take risk on farming. 37 (37%) out of total said that crop insurance can cover all business risk while 67 (67%) didn't agree that crop insurance covers entire business risk of farmers.
7. The farmers in Arvi Taluka not ready to make new experiments in their farm because their income sources are limited and they not ready to take risks. Hence 27% farmers said that due to support of crop insurance they were made new experiments in their farm, but 73% farmers are not doing any new experiments in farming due to support of crop insurance. New experiments are changing cropping pattern, using new modern fertilizers, pesticides, using advanced seeds, using modern equipments etc.
8. Arvi Taluka came under drought-prone area, hence farmers in Arvi Taluka facing agricultural loss in several times. Out of 100 respondents 92% farmers accept that they suffer loss, when they not insured their crops. Hence crop insurance scheme is very needful to the farmers for protecting them from agricultural loss.
9. Farm income and dairy farming are two major income sources to the farmers in Arvi Taluka to meet their daily needs. 76% farmers said that they don't face any difficulties when they not insured the crops. Other options available to the farmers are dairy farming, farm labour, small business etc. Hence they not totally depend on crop insurance for fulfilling their daily needs.

The above table clearly indicates that crop insurance is really benefited to the farmers to their financial planning and it supports the farmers to recover loss and make provision for next season. It also provides financial security to the farmers.

Findings :

1. Most of the insured as well as non-insured farmers have information about crop insurance, but few of them know the procedure of getting crop insurance, because they illiterate and implanting agency failed to advertise entire process in simple language which understandable to the illiterate people.
2. In spite of crop insurance scheme, the farmers in Arvi Taluka re familiar with other agricultural insurance schemes. Livestock insurance and farmers insurance are mostly known by farmers followed by farm income insurance, seeds insurance and weather based crop insurance.

3. Interesting thing found that farmers are insuring their crops through NAIS. But most of them have not information about which crops are covered under NAIS. (NAIS not covered all crops in area. After crops cutting experiment, implementing agency decides the crops covered under NAIS in concern area). NAIS not covered all types of crops. They have providing security of few crops after crop cutting experiment. However most of the farmers have not detailed information about crop covered under NAIS in their area.
4. D.C.C. Bank and Gram Panchayat are the main source available to the farmers followed by friends and farmers meetings. Similarly D.C.C. Bank and Gram Panchayat inform farmers about workshop and orientation programs of crop insurance.
5. Crop insurance is benefited to the farmers to get back their investment in agriculture. It provides financial security and help in financial planning to the farmers. It not only supports their farm income but also provide income stability to the farmers. Finally the scheme assists the farmers to meet daily needs.
6. The NAIS in Khatav Taluka is non-viable and it is working in loss. Because in Arvi Taluka the implementing agency compensate the farmers more than 7 times as compared to premium paid by them. It means NAIS provide security to the farmers with bearing heavy losses.
7. Farmers in Arvi Taluka feels that the premium paid by them is quite high and not affordable for them.

Conclusion:

Most of the farmers in Arvi Taluka aware about crop insurance scheme. But in case of non-insured farmers, they have known the crop insurance but they are less interested to insure their crops. Hence guidance should be required from the government authorizes, financial institutions and Gram Panchayat members to the farmers. Regular orientation programs/ counseling camps should be arranged by banks and insurance authorities at village level to increase the awareness of crop insurance scheme. The NAIS is multi departmental approach which needs a strong co-ordination amongst various departments. Mutual efforts of NGOs, financial institutions and governments are required to improve the reach to the crop insurance scheme. Information about crop insurance scheme should be provides to the farmers from concerned authorities. The information should be in published form and in easy language. The insurance agents should be recruiting at the village level. They should help guide and provide information about crop insurance. Similarly they have a good knowledge of insurance to demonstrate the scheme of crop insurance to farmers and act as counselors also.

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