



RURAL FARMER SATISFACTION ON CROP INSURANCE SCHEME IN POLLACHI TALUK

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ABSTRACT

The crop insurance is a potentially more effective risk-shifting mechanism to give protections to all types of farmers and the use of it as a risk management tool has grown rapidly in recent years. Also the crop insurance subsidies help the farmer on various grounds. The main objectives of the study is to examine the satisfaction level of farmers towards crop insurance schemes. Convenience sampling was also used to determine the sample size for the farmers. Pollachi Taluk is the study area. A total of 185 farmers are taken as sample for this study. The study makes use of statistical techniques such as simple percentage analysis, Chi- square test , Friedman Rank Test and Garrett's Ranking Technique in analyzing the data for finding the result. The study recommended that the government should give more premium subsidy to motivate farmers to opt for crop insurance. The farmers should be made aware of the various insurance schemes for which adequate publicity / extension support should be provided by the state governments.

Keywords :- Crop insurance, farmers and satisfaction.

INTRODUCTION

Agriculture is a risky prospect, wherever it is subject to vagaries of nature like flood, drought and cyclone. Agriculture contributes 24 per cent to the GDP and any disturbance in its production has a multiplier effect on the economy of a country like India. Since, economic growth and agricultural growth are inextricably linked to each other, managing risks in agriculture is a big challenge to the policy makers and the researchers. The risk aversion induces underinvestment in agriculture, leading to inefficiency. Crop insurance helps in stabilization of farm production and income of the farming community. It helps in optimal allocation of resources in the production process. The Indian Government has been concerned about the growing risk in agriculture, which culminates in unfortunate phenomenon of farmers' suicides, as happened in Maharashtra. In the face of uncertainty and risk in agriculture, various schemes have been evolved over time in different countries to protect farmers; these include guaranteed prices, subsidized credit, and crop insurance, which are of immediate concern in the short-run.

Crop insurance is recognised to be a basic instrument for maintaining stability in farm income, through promoting technology, encouraging investment, and increasing credit flow in the agricultural sector. The basic principle underlying crop insurance is that the loss incurred by a few is shared among others in an area, engaged in a similar activity. Also, losses incurred in bad years are compensated from resources accumulated in good years (Dandekar, 1976).

STATEMENT OF THE PROBLEM

Crop Insurance makes up the loss or damage to growing crops result in from a variety of causes such as hail or droughts, frost, flood and disease. The cultivators pay a premium and Protection is given to them on the same basis as in other insurance. Crop Insurance can play extremely important



and supporting role in increasing the flow of institutional credit to the agriculture sector to motivate the cultivator. About 75% of the population is dependent directly or indirectly on the agriculture sector. This knowledge on crop insurance will help farmers to minimise their risks associated with farming. Farmers can minimise their risk if there is a sound risk minimising tool. The present study is an attempt made by the researcher to study the socio-economic profile and perception of farmers on crop insurance in the selected villages of Pollachi Taluk.

In this context, this study is an attempt to find out answers to the following questions.

- To identify the factors which affect the awareness level among the farmers?
- What is the satisfaction level of the farmers about crop insurance schemes?

OBJECTIVES OF THE STUDY

The present study is undertaken with the following specific objectives.

- To study the socio-economic profile of the farmers who availed the crop insurance.
- To examine the satisfaction level of farmers towards crop insurance schemes.
- To identify the problems that are faced by cultivator while getting Crop Insurance Scheme.

SIGNIFICANCE OF THE STUDY

In the present study, may helpful to small and marginal farmers to protect their interest in crop against natural calamities and getting benefits under this scheme. It will also assist the insurers, bankers and policy makers for policy prescription and policy intervention. Crop insurance is considered to be an effective risk management tool for maintaining stability in farm income, through promoting technology, encouraging investment, and increasing credit flow in the agricultural sector. It contributes to self-reliance and self-respect among farmers, since in cases of crop loss they can claim compensation as a matter of right.

RESEARCH METHODOLOGY

The data have been collected in primary source through issue of questionnaire. Owing to the location advantages, respondents belonging to Pollachi Taluk alone have been selected.

- Data Collection
- Sampling
- Framework of Analysis

Sampling procedure

Data for the study has been collected Pollachi Taluk Farmers. Total 185 farmers has been selected for the study by adopting random sampling technique.

Data Collection

The required data for the study has been collected both primary and secondary data. Primary data collected through issued questionnaire and secondary data has been collected they magazines, newspapers, websites, research articles.

Frame work Analysis

The data was further processed by doing statistical tools namely:

- Simple Percentage
- Chi-square Test
- Friedman Rank Test
- Garrett's Ranking Technique



LIMITATIONS OF THE STUDY

- The study is restricted to the selected sample of Pollachi Taluk.
- The Results cannot be generalized.
- The findings are applicable only to the farmers who living in Pollachi Taluk. Hence care has to exercised while extending this results to other areas.

REVIEW OF LITERATURE

D.Suresh Kumar (2011), in his study entitled, “An Analyze of farmers perception and awareness towards crop insurance as a tool for Risk Management in Tamilnadu”, to examine the factors affecting awareness among the farmers. The required data for the study have been collected in primary through issuing of questionnaire. The sample of 600 farmers have been collected by adopting random sampling technique. Tools like Frequency and Percentage are used to analyze the data. They find that, 65 percentage of farmers are aware of risk mitigation measures of the government. Also, find that only half of the farmers have been found aware about the crop insurance schemes or products.

S.B.Goudappa et.al (2012), in their study entitled “Farmers Perception and Awareness about Crop Insurance in Karnataka”, aims to ascertain perception and awareness of crop insurance. The required data for the study have been collected in a primary data through issue of questionnaire. A sample of 30 farmers have been collected for the study by adopting random sampling technique. Tools like Simple percentage and Chi-square test are used to analyze the data. He finds that to create awareness about Crop insurance through effective uses of R.S.K service or appointing crop insurance agent like HC agent to provide insurance service at the farmers door step as suggested by more than 90% of respondents.

R.O. Abdul Malik et.al (2013), in their study on, “Determinants of Crop farmer participation in agricultural insurance in the federal capital territory, Abia, Nigeria”, aims to examine the level of Crop farmers awareness and participation in agricultural insurance scheme. The data for the study have been collected in Primary through issue of questionnaire. A sample of 1200 farmers have been collected for the study by adopting random sampling techniques. The tools like Simple percentage and regression analysis are used to analyze the data. He finds that the effective service delivery by insurance service providers will ensure continuity of farmers participation in agricultural insurance and also participation by farmers who are yet to participate.



ANALYSIS AND INTERPRETATIONS

I. SOCIO-ECONOMIC PROFILE OF FARMERS

TABLE NO: 1
DEMOGRAPHIC PROFILE

S.No	Determinants	No of Respondents (N=185)	Percentage (%)
1	Gender		
	Male	144	77.8
	Female	41	22.2
2	Age		
	Up to 30 years	38	20.5
	31 to 40 years	84	45.4
	41 to 50 years	47	25.4
	Above 50 years	16	8.6
3	Marital Status		
	Married	122	65.9
	Unmarried	63	34.1
4	Educational Qualification		
	Illiterate	20	10.8
	Primary level	64	34.6
	Up to SSLC	38	20.5
	Up to HSC	29	15.7
	Under Graduate	34	18.4
5	Nature of Family		
	Joint	19	10.3
	Nuclear	166	89.7
6	Status in the Family		
	Head	45	24.3
	Member	140	75.7
7	Size of Family		
	Upto 3 members	33	17.8
	4 to 5 members	149	80.5
	More than 5 members	3	1.6
8	Monthly income per month		
	Below Rs.25,000	19	10.3
	Rs.25,001 to Rs.50,000	156	84.3
	Rs.50,001 to Rs.1,00,000	7	3.8
	Above Rs.1,00,000	3	1.6
9	Family income per month		
	Below Rs.50,000	30	16.2
	Rs.50,001 - Rs.1,00,000	141	76.2
	Rs.1,00,001 to Rs.2,00,000	12	6.5
	Above Rs.2,00,000	2	1.1
	Total	185	100.0

It could be seen from the table that the most of the farmers the majority of 144 (77.8%) farmers are male . Most 84 (45.4%) farmers are belong to the age between 31 to 40 years. The majority of 122 (65.9%) farmers are married. Thus, majority of 64 (34.6%) farmers are educated upto



primary level. The majority 166 (89.7%) farmers belonging to nuclear family. Majority of 140 (75.7%) farmers are member status in the family. Majority of 149 (80.5%) farmers having 4 -5 members in their family. Majority 156 (84.3%) farmers monthly income between Rs.25,001 to Rs.50,000 and the majority 141 (76.2%) farmers family income between Rs.50,001 - Rs.1,00,000.

II. LEVEL OF SATISFACTION ON CROP INSURANCE

Farmers level of satisfaction on crop insurance has been measured by assigning the scores to questions relating to crop insurance. Thirteen such questions are included in the questionnaire. Answers to the questions have been rated on five-point scale. The scores allotted to the answers range from one to five. Based on the satisfaction index, the farmers have been divided into three group as farmers with low, moderate and high level of satisfaction. In order to classify the customers into three such groups, quartiles have been made use of. Accordingly, Farmers with satisfaction index ranging up to 28 are termed as farmers with low level of satisfaction; those with satisfaction index ranging between 29 and 37 are termed as farmers with moderate level of satisfaction and those farmers with satisfaction index is above 38 are high level of satisfaction. Of the 185 farmers, 68 (36.8%) farmers are with low level of satisfaction; 89 (48.1%) are with moderate level of satisfaction and the rest 28 (15.1%) farmers are with high level of satisfaction.

TABLE NO: 2
DEMOGRAPHIC PROFILE AND LEVEL OF SATISFACTION ON CROP INSURANCE

S.No	Variables	D.f	Calculated χ^2 Value	Table value	Result
1	Gender	2	0.602	5.991	Not Significant
2	Age	6	27.775	12.592	Significant
3	Marital status	2	2.117	5.991	Not Significant
4	Educational level	8	55.546	15.507	Significant
5	Nature of Family	2	4.659	5.991	Not Significant
6	Status in the Family	2	12.838	5.991	Significant
7	Size of Family	4	15.365	9.488	Significant
8	Monthly income per month	6	30.928	12.592	Significant
9	Family income per month	6	7.850	12.592	Not Significant

However, as the calculated χ^2 value is greater than the table at five per cent level, the null hypothesis is rejected. Therefore it is concluded that there is a significant association between age, educational level, status in the family, size of family and monthly income per month of the respondents and level of satisfaction on crop insurance.

III. FARMERS OPINION TOWARDS CROP INSURANCE

Crop Insurance can play extremely important and supporting role in increasing the flow of institutional credit to the agriculture sector. Agricultural Insurance will largely solve the problem of collateral security requirement by banks while extending the loans. In case of Crop failure banks will receive the payment directly from the insurance companies.



TABLE NO: 3
FARMERS OPINION TOWARDS CROP INSURANCE

S.No	Farmers Opinion	A	N	DA	Total	Mean Value	Rank
1	Protects against loss or damage of crops	126 (68.1)	41 (22.2)	18 (9.7)	185	2.5838	1
2	Gives financial security	115 (62.2)	59 (31.9)	11 (5.9)	185	2.5622	2
3	Provides guarantee from the bank	97 (52.4)	73 (39.5)	15 (8.1)	185	2.4432	3
4	It helps in reducing the risks	98 (53.0)	58 (31.4)	29 (15.7)	185	2.3730	4
5	Premium rate is reasonable	78 (42.2)	67 (36.2)	40 (21.6)	185	2.2054	6
6	Schemes are modified by the Central Government	79 (42.7)	77 (41.6)	29 (15.7)	185	2.2703	7
7	Follows simple formalities	64 (34.6)	75 (40.5)	46 (24.9)	185	2.0973	10
8	Easily accessible through bank	67 (36.2)	86 (46.5)	32 (17.3)	185	2.1892	8
9	Motivation from banks/financial institutions	60 (32.4)	73 (39.5)	52 (28.1)	185	2.0432	11
10	Adequate publicity	55 (29.7)	63 (34.1)	67 (36.2)	185	1.9351	16
11	Covers wide range of crops	49 (26.5)	61 (33.0)	75 (40.5)	185	1.8595	19
12	Covered by the National Agricultural Insurance Scheme	62 (33.5)	58 (31.4)	65 (35.1)	185	1.9838	12
13	Crop insurance schemes are well defined	50 (27.0)	81 (43.8)	54 (29.2)	185	1.9784	13
14	Quick settlement of claims	74 (40.0)	84 (45.4)	27 (14.6)	185	2.2541	5
15	Premiums are shared by Government	64 (34.6)	88 (47.6)	33 (17.8)	185	2.1676	9
16	Structured compensation payouts	50 (27.0)	74 (40.0)	61 (33.0)	185	1.9405	15
17	Compulsory coverage for loanee farmers	33 (17.8)	96 (51.9)	56 (30.3)	185	1.8757	17
18	Voluntary coverage for non-loanee farmers	34 (18.4)	92 (49.7)	59 (31.9)	185	1.8649	18
19	Rainfall variations to reduce crop yields	61 (33.0)	56 (30.3)	68 (36.8)	185	1.9622	14



IV. REASON FOR AVAILING CROP LOAN

In the mind set of the farmers the crop insurance is best suited for large scale farmers because the premium is not afford to the small & medium farmers further the extent of coverage is very low. The major role in creating the awareness among farmers is played the Bank officials but they didn't take active participation in explaining the benefits of crop insurance. Hence the benefits of the crop insurance should reach all types of farmers and change the perception of the farmers about the cultivation and its risk aversion.

TABLE NO: 4
REASON FOR AVAILING CROP LOAN

FACTOR	R1	R2	R3	R4	R5	R6	R7	R8	TOTAL	AVG SCORE	RA NK
Less time consuming	1520	4488	3000	1431	752	82	32	84	11389	113.89	1
Government subsidy	2480	952	600	1961	1316	1230	448	441	9428	94.28	5
Self-interest	1920	1156	840	636	2397	779	352	777	8857	88.57	6
Low interest rate	5760	340	42	1060	940	492	832	483	9949	99.49	3
Reliability	720	1904	960	901	470	1722	928	714	8319	83.19	7
Land development	1440	204	600	4331	1081	861	1792	567	10876	108.76	2
Minor irrigation	240	748	1440	975	1034	1886	1024	672	8019	80.19	8
Plantation/Horiculture	720	2788	3240	1590	705	533	152	147	9875	98.75	4

It is observed from the above analysis that among the various reasons for availing crop loan considered, the farmers ranked less time consuming is the highest reason followed by Land development, Low interest rate, Plantation/Horiculture, Government subsidy, Self-interest, Reliability, Minor irrigation.

SUMMARY OF FINDINGS

SOCIO- ECONOMIC PROFILE

- The majority of 144 (77.8%) farmers are male .
- Most 84 (45.4%) farmers are belong to the age between 31 to 40 years.
- The majority of 122 (65.9%) farmers are married.
- Majority of 64 (34.6%) farmers are educated upto primary level.
- The majority 166 (89.7%) farmers belonging to nuclear family.
- Majority of 140 (75.7%) farmers are member status in the family.
- Majority of 149 (80.5%) farmers having 4 -5 members in their family.
- Majority 156 (84.3%) farmers monthly income between Rs.25,001 to Rs.50,000.
- The majority 141 (76.2%) farmers family income between Rs.50,001 - Rs.1,00,000.

VARIABLES INFLUENCING LEVEL OF SATISFACTION ON CROP INSURANCE SCHEME

- There is no significant association between gender farmers and their level of satisfaction on crop insurance scheme.
- There is a significant association between age farmers and their level of satisfaction on crop insurance scheme.



- There is no significant association between marital status farmers and their level of satisfaction on crop insurance.
- There is a significant association between Educational Qualification farmers and their level of satisfaction on crop insurance.
- There is no significant association between type of family farmers and their level of satisfaction on crop insurance.
- There is a significant association between family status farmers and their level of satisfaction on crop insurance.
- There is a significant association between size of the family and their level of satisfaction on crop insurance.
- There is a significant association between monthly income farmers and their level of satisfaction on crop insurance.
- There is no significant association between family income farmers and their level of satisfaction on crop insurance.

SUGGESTIONS

TO GOVERNMENT

- The government should give more premium subsidy to motivate farmers to opt for crop insurance.
- Government should make the crop insurance compulsory to all farmers availing crop loans from the Commercial Banks and Cooperative Banks.

TO INSURANCE COMPANIES

- To introduce a comprehensive scheme and coverage so that farmers will be given the insurance cover in respect of the crops of their choice, be they coconut tree, sugarcane, Paddy or Banana.
- Proper steps to be taken by the insurance companies to increase the crops coverage, area Approach, Reduce the premium rate and reduce the formalities in claim etc.

TO FARMERS

- There is need of an agent at local level for helping the farmers for claims assessment and receiving the indemnity payment.
- Gram Panchayat should be made accountable for admitting claim of insurance and disbursement of claims to farmers. It can act as an authorized institution to presenting the scheme. It also declared disaster and assess losses.

CONCLUSION

Agriculture is affected by the natural calamities like drought, flood, etc., which forms the major risk for the farmers. Theoretically the crop insurance stabilizes the farmer's income during the loss period. But in real practice it doesn't act as an instrument during the period of loss. In the mind set of the farmers the crop insurance is best suited for large scale farmers because the premium is not afford to the small & medium farmers further the extent of coverage is very low. The major role in creating the awareness among farmers is played the Bank officials but they didn't take active participation in explaining the benefits of crop insurance. Hence the benefits of the crop insurance should reach all types of farmers and change the perception of the farmers about the cultivation and its risk aversion.



SCOPE FOR FURTHER RESEARCH

This study deals with only the farmers awareness and satisfaction of crop insurance scheme. The buddy scholars who would like to do the research work in space of following areas.

- Farmers perception on crop insurance.
- Farmers awareness and satisfaction on crop insurance in other district (or) states.

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