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A STUDY ON AWARENESS OF FARMERS TOWARDS CROP INSURANCE IN ERODE AND NAMAKKAL DISTRICT

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Abstract:

Agriculture is the back bone of the Indian economy. Due to the unpredictable climatic change, farmers' income suffers a lot. To overcome this, farmers are taking crop insurance for their farms. In this paper, an attempt has been made to find farmers level of awareness towards crop insurance. Samples of 200 farmers were randomly selected from Erode and Namakkal District. It is found that four variables namely farmers gender, educational qualification, farm size, source of knowledge about crop insurance have significant association with level of awareness towards crop insurance. The research concluded that government should organize crop insurance related awareness programmes to farmers.

Key Words: Agricultural Crop, Crop Insurance, IRDA, Government, Farmers & Etc

Introduction:

Agriculture is the back bone of the Indian economy. The crop depends on the natural rainfall and other atmospheric factors. Food is the crowning need of the every human being; too much emphasis has been on commercializing agricultural production. Therefore, adequate production and even distribution of food has become a high priority of our country and to the world. In this changing agricultural scenario and global competition, there is a need of exploiting the limited available resources at maximum level with a smoothly, at minimal cost and adequate flow of finance or credit is primary factor for sustainable agriculture development. Hence Government agencies are promoting diversification in production, research, and farm extension. Due to the unpredictable climatic change, farmers' credit earning capacity suffers a lot. Crop insurance is an emerging concept in our country. Thus, IRDA is playing vital role in safeguarding the finance of the farmers. It has been established by Government for supporting and promoting agriculture and rural development. In order to achieve its mission, IRDA is running on many plans and schemes out of them crop insurance is one of important insurance scheme to farmers. Agriculture Insurance Company of India (AIC), 10 private General Insurance Companies namely ICICI-Lombard, IFFCO-TOKIO, HDFC-ERGO, Cholamandalam-MS, Tata-AIG, Future General India, Reliance, Bajaj Allianz, SBI and Universal Sompo General Insurance companies are implementing the crop insurance programme.

Crop Insurance:

It is a type of insurance coverage that is purchased by crop farmers in order to insure against losses. There are several different types of crop insurance that a farmer can purchase. Here are some of the different types of crop insurance that is available.

1. MPCI: MPCI stands for multiple peril crop insurance. This is a type of crop insurance that is designed to cover the crops against several different types of loss. This type of coverage will protect the farmer against any weather-related losses, such as a tornado or a hail storm. In addition, this policy covers things like low yields, late planting, prevented planting and replanting costs.

2. APH: This term stands for actual production history. This type of insurance is based on the production history of a farm, over a certain number of years. In most cases, a policy will base the actual production history on a period of somewhere between four and 10 years. The average production will be calculated over that time period, and then a certain percentage of the yield will be paid if a loss occurs. This type of policy provides coverage for a wide variety of perils. For example, the farmer could file a claim due to drought, wind damage, hail, frost, insects, disease or excessive moisture. If the yield of a crop is less than the predetermined covered amount, the farmer will receive a check for the difference between the two percentages. This is the most common type of crop insurance that is available in the market today. It has been used in the farming industry for many years.

3. GRP: GRP stands for group risk plan. This is a type of crop insurance that is based on the yield of a group of farmers from a particular county. This is not a type of policy that is based on an individual farmers yield, like APH. With this type of policy, you could be paid for an insurance settlement regardless of the actual yield of

your farm. Your farm could do fine, but if the average yield of the entire county decreased below a certain amount, you could still receive a payment. This type of coverage allows you to choose the yield level that you want to be covered against, when calculated with the average of all of the farms in the county.

4. CRC: CRC is a term that stands for crop revenue coverage. Instead of being based only on the yield of the farm, this coverage is based on the total amount of revenue that is generated from a crop. With this type of coverage, you will also get protection against drops in prices for the crop instead of just protection against losses. This is a comprehensive type of coverage that is designed to look at the bottom line instead of only looking at how much you were able to harvest from a particular farm for the year.

Review of Literature:

Barman, B (2003), in his study entitled "Institutional Rural Credit in Assam: A Case Study of Rangia Subdivision" examined the impact of the institutional credit on the socio-economic status of the rural people at micro level. The field survey covered300 beneficiaries which were selected with simple random sampling technique. The study found that the procedure for receiving loan was not simple and credit-depositratio of the sample banks of the Rangia sub-division was very low. The scholar had suggested that the flow of credit needs to be doubled to mitigate the gap between demand for and supply of funds to the agricultural sector.

Sharma (2007) in their study entitled "Access to credit- A study of hills farms in Himachal Pradesh." showed that credit was very low in absolute terms which might be because the farmers had small holdings and thus borrowings for machinery etc. were avoided. Among non-institutional sources, moneylenders had no role to play. Contribution of friends/ relatives was found to be significant. Among agricultural loan, crop production loan for seed, fertilizer etc. was found to be important. Among social factors, formal education was found to be important in enhancing the probability of being a borrower. Also farm size and non-farm income played a vital role in borrowing behaviour.

Sunny IbeObilor (2013), in his study entitled "The Impact of Commercial Banks' Credit to Agriculture on Agricultural Development in Nigeria: An Econometric Analysis" evaluated the impact of commercial banks' credit to agricultural sector under the Agricultural Credit Guarantee Scheme Fund in Nigeria. Until the mid-seventies, agriculture was the primary foreign exchange earner for Nigeria. Now it has lost its prime position to the mineral sector. Of these factors, inadequate capital is considered as the single most important factor affecting the performance of the sector. It therefore empirically examined the impact of Agricultural Credit Guarantee Scheme Fund, agricultural product prices, government fund allocation and commercial banks' credit to agricultural sector on agricultural productivity. The result revealed that Agricultural Credit Guarantee Scheme Fund and Government fund allocation to agriculture produced a significant positive effect on agricultural productivity, while the other variables produced a significant negative effect. It is recommended that farmers should be encouraged to be applying for loans from the participating banks to enhance their agricultural activities and productivity.

Objectives of the Study:

To identify the farmers awareness towards crop insurance with special reference to Erode and Namakkal District.

Research Methodology:

Erode and Namakkal District is the study area selected for this research. Primary data is collected through well-structured questionnaire. A sample of 200 respondents in Erode and Namakkal District has been selected by using random sampling method. The collected information were reviewed and consolidated into a master table. For the purpose of analysis the data were further processed by using statistical tools. The statistical tools are

- ✓ Simple Percentage
- ✓ Chi-Square Test
- ✓ Friedman Ranking Test

Limitations of the Study:

- ✓ The study is restricted to the selected sample of Erode and Namakkal District and hence the result of the study cannot be generalized.
- ✓ The statistical methods used to analyze the data have their own limitation.
- ✓ All the limitations of primary data are applicable to this study.

Analysis and Interpretation:

Demographic Profile of the Farmers: Table no.1 describes the demographic profile of the farmers for the study. Out of 100 respondents who were taken for the study: it has been identified that most (63%) of the respondent are male, (57%) whose age group is under 26 to 50 years, most (68%) of the respondents are upto school level, the annual income of (42%) respondents is above Rs.2,50,000, (54%) of the farmers have 2 to 10 acres farm area for their agriculture , (52%) of the respondents have above 10 years farming experience , (64%) of the respondents belong to joint family and (61%) of the respondents came to know about the Crop insurance through Friends/Relatives.

Table 1: Demographic Profile of the Farmers

Factors	Number of Farmers N=200	Percentage
Gender		
Male	126	63
Female	74	37
Age (Years)		
Up to 25	28	14
26 to 50	114	57
Above 50	58	29
Educational Qualification		
Up to School Level	136	68
Graduate	42	21
Post Graduate	22	11
Annual Income		
Up to Rs.1,00,000	48	24
Rs.1,00,001 to Rs.2,50,000	68	34
Above Rs.2,50,000	84	42
Farm Size (Acres)		
Up to 5	54	27
5 to 10	108	54
Above 15	38	19
Type of Family		
Nuclear Family	72	36
Joint Family	128	64
Sources of Knowledge		
Friends/ Relatives	122	61
Newspapers/TV	24	12
Bank Officers	54	27

Table 2: Relationship between the Demographic Profile and level of awareness towards Crop insurance

Variables	Level of Awareness			Total	χ^2 Value	Table Value	Remarks
	Low	Moderate	High				
Gender							
Male	26	44	76	126	7.634	5.991	S
Female	16	26	32	74			
Age (Years)							
Up to 25	8	10	10	28	2.499	9.488	NS
26 to 50	34	52	28	114			
Above 50	24	10	24	58			
Educational Qualification							
Up to School Level	52	40	44	136	16.178	9.488	S
Graduate	16	16	10	42			
Post Graduate	8	6	8	22			
Annual Income							
Up to Rs.1,00,000	22	14	12	48	1.823	9.488	NS
Rs.1,00,001 to Rs.2,50,000	18	38	12	68			
Above Rs.2,50,000	28	36	20	84			
Farm Size (Acres)							
Up to 5	24	16	14	54	2.613	9.488	S
5 to 10	38	46	24	108			
Above 15	8	18	12	38			
Type of Family							
Nuclear Family	14	40	18	72	3.598	5.991	NS
Joint Family	36	68	24	128			
Sources of Knowledge							
Friends/ Relatives	22	46	54	122	14.862	9.488	S
Newspapers/TV	6	10	8	24			
Bank Officers	20	14	20	54			

*significant at 5% percent level

Relationship between the Demographic Profile and Level of Awareness towards Crop Insurance:

Table no.2 depicts the relationship between selected demographic variables and Level of the Awareness of the respondents. It is clear that , the calculated Chi-square value is less than the table value at five percent level, there does not exists any significant association between age, annual income, type of family of the farmers and level of awareness towards Crop insurance. Thus the null hypothesis is accepted. It is clear that, the calculated Chi-square value is greater than the table value at five percent level, there exist a significant association between gender, educational qualification, farm size, source of knowledge about Crop insurance and level of awareness towards Crop insurance. Thus the null hypothesis is rejected.

Table 3: Awareness of Farmers towards Crop Insurance– Friedman Rank Test

Factors	A	NANDA	DA	Total	Average Rank	Rank
Terms and conditions	90	50	60	200	4.56	4
	45	25	30	(100.00)		
Premium	136	48	16	200	5.46	1
	68	24	8	(100.00)		
Mode of premium	92	68	40	200	4.79	3
	46	34	20	(100.00)		
Type of Risk	100	44	56	200	5.14	2
	45	22	28	(100.00)		
Methods of loss determining	56	82	62	200	4.12	5
	28	56	36	(100.00)		

Table no.3 shows about the Friedman Rank Test for awareness of farmers towards crop insurance were 0.000 level of significance which shows that there is a relationship between the ranks given. It shows that Premium was the first awareness factor of the farmers towards crop insurance, Type of Risk was ranked as the second awareness factor, Mode of premium was ranked as third factor, Terms and conditions was ranked as fourth factor and Methods of loss determining was the fifth awareness factor of the farmers towards crop insurance.

Conclusion:

Crop Insurance is one of the most innovative, highly appreciated and non-discriminatory banking credit products. The crop insurance not only solves the credit problem of farmer but also help our country to grow economically. Crop insurance plays an important role in agriculture; hence the crop insurance is carried as a credit vehicle in rural areas with the objective of risk dispersal to small, marginal farmers, large farmers & socio economically weaker section of population for the development of agriculture. In present scenario the government should take necessary steps to educate the importance of crop insurance to the farmers.

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