

# Crop Insurance: “An Empirical Study on Awareness and Perception”

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**Abstract-** Universally agriculture is perceived to be synonymous with risk and uncertainty. Crop insurance is one alternative to manage risk in yield loss by the farmers. It helps in stabilization of farm production and income of the farming community. As such it is a risk management alternative where production risk is transferred to another party at a cost called premium. The on-going National Agricultural Insurance Scheme is a good step forward to insure risk of millions of farmers whose livelihood depends on the pattern and distribution of monsoon rain in India. However, the penetration of crop insurance is found to be very less. The study empirically checks upon the awareness level of farmers in Mysore district towards this product. The paper further examines the perception of those who have availed or not availed crop insurance in various villages of Mysore district. The study concludes with various suggestions for increasing the awareness level of the farmers for ensuring better penetration of crop insurance in Mysore district.

## 1. INTRODUCTION

Crop insurance is purchased by agricultural producers, including farmers, ranchers, and others to protect themselves against either the loss of their crops due to natural disasters, such as hail, drought, and floods, or the loss of revenue due to declines in the prices of agricultural commodities. The two general categories of crop insurance are called crop-yield insurance and crop-revenue insurance.

The enterprise of agriculture is subject to many uncertainties. Yet, more people in India earn their livelihood from this sector, than from all other economic sectors put together. According to the report of working group on risk management in Agriculture for the eleventh five year plan (2007-12), 75% of all rural poor, are in households that are dependent on agriculture, in some way or other. Households that were self-employed in agriculture, account for 28% of all rural poor, while households

that were primarily dependent on agriculture as labour, account for 47% of all rural poor.

## 2. LITERATURE REVIEW AND ARTICLES OF SEVERAL AUTHORS

Jon Healey Maybe (2014) reforming federal farm subsidies are a task fit for Sisyphus. Every five years or so, when the farm programs come up for reauthorization, fiscal conservatives and good-government types try to make the subsidies look less like corporate welfare and more like an industrial policy designed to preserve the food supply. The former hands out money to agribusinesses regardless of their size or need for help; the latter focuses aid on farmers whose resources are too thin to buffer them from the vicissitudes of weather and crop yields.

Bashir Ahmad Joo (2013) made a study entitled, “Analysis of Financial Stability of Indian Non-Life Insurance Companies”, reports that World over after liberalization insurance sector has undergone significant transformation. This is also true with Indian insurance market, where insurance penetration and density is very low compared to other countries. Therefore, many foreign insurance companies were lured to make entry in Indian insurance in order to insulate positive spread from large untapped insurance market, mainly by entering into joint venture with local partners

BindiyaKunalSoni and JignaTrivedi, (2013) “Crop Insurance: An Empirical Study on Awareness and Perceptions”, universally agriculture is perceived to be synonymous with risk and uncertainty. Crop insurance is one alternative to manage risk in yield loss by the farmers. It helps in stabilization of farm production and income of the farming community. As such it is a risk management alternative where production risk is transferred to another party at a cost called premium.

Goudappa, S.B. Reddy, B. S. and Chandrashekhara, S.M., (2012) "Farmers Perception and Awareness about Crop Insurance in Karnataka", the study on farmers perception and awareness of crop insurance was conducted in North Eastern parts of Karnataka because region receives very less rainfall compared to other part of Karnataka and people of this region always suffering from drought, they continue to suffer. The study revealed that average size of family among borrowers and non-borrowers was seven.

Kavitha, Latha, and Jamuna., (2012) made a study titled, "Customers' Attitude towards General Insurance - A Factor Analysis Approach", explains that with over a billion people, India is fast becoming a global economic power. With a relatively youthful population, India will become an attractive insurance market over the next decades. This study examines the customer attitude towards the General Insurance.

Jas Bahadur Gurung, (2011) "Insurance and Its Business in Nepal", this study aims mainly to analyse the performance of insurance business in Nepal. The data used in this study is mainly quantitative and analysis has been carried out by using simple percentage and correlation coefficient. The growth of insurance policies for both life and non-life insurance companies has been increasing and significant during the study period.

Altaf Ahmad Dar, (2011) made a study titled, "Awareness of Life Insurance Study of Jammu and Kashmir State", explains that to find out the awareness of life insurance in the population of Jammu and Kashmir state, a community-based cross-sectional study was carried out. The came to know about life insurance from the media which played an important role in the dissemination of information.

Suresh Kumara, Barahb, Ranganathana, Venkatrama, Gurunathana and Thirumoorthy, (2011) "An Analysis of Farmers' Perception and Awareness towards Crop Insurance as a Tool for Risk Management in Tamil Nadu", To insulate farmers against risks in agriculture, government has launched several schemes such as National Agricultural Insurance Scheme and weather index based crop insurance schemes. But their coverage seems to be limited among the farmers primarily due to lack of full information. This paper has reported the results of a survey of 600 farmers conducted to assess their perception about various facets of crop insurance schemes.

Sundar and Lalitha Ramakrishnan, (2010) "A Study on Farmers' Awareness, Perception and Willing to Join and Pay for Crop Insurance", this paper discusses the findings of the study in the area of crop insurance. Firstly it measures the awareness level and source of awareness, secondly examines the farmers' perception, finally identify the farmers willingness in paying for crop insurance. From the analysis farmers awareness level about crop insurance was low.

Legendary Kumar (2009) made a study titled, "Significant developments in health insurance sector"; this research refers to development of health insurance sector. The healthcare in India is in a state of enormous transition. Increased income for the middle class, health consciousness among the majority of the class's price liberalization, reduction in bureaucracy, and the introduction of private health care financing have all made a world of difference.

### 3. RESEARCH OBJECTIVES

Basically, the purpose of undertaking this research was to study the penetration of crop insurance in various villages of Mysore district. However, the specific objectives of the study may be,

1. To understand the prevailing scenario of crop insurance in India
2. To study the awareness level of the farmers for crop and cattle insurance in Mysore district.

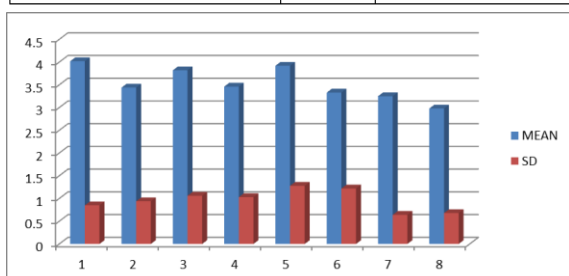
### 4. RESEARCH METHODOLOGY

This study exploring the potential of crop insurance in various villages of Mysore district is based upon the descriptive research design. The primary data for the study was collected by surveying the farmers in Mysore district through a structured questionnaire. It was possible to collect responses from 55 respondents through a snowball sampling method. The respondents were contacted personally for data collection. The respondents were explained all the questions and these responses were being filled by the researcher in the questionnaire to ensure the accuracy of the data. Students of Mysore Institute of Management helped the researchers for data collection. These students were explained the objectives of this research and were trained for data collection.

### 5. DATA ANALYSIS AND INTERPRETATION

The crop insurance scheme was analysed in awareness and perception towards for descriptive statics of farmers based towards risk factors analysis. Descriptive Statistics of Farmers Perception Towards Risk Factors

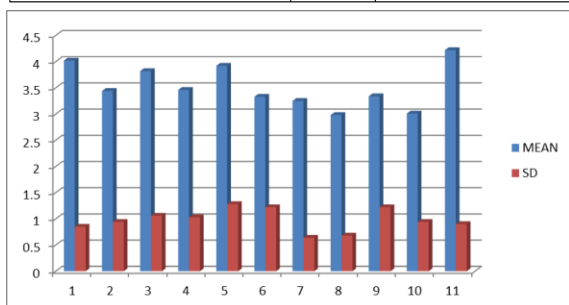
RISK FACTOR	MEAN	STANDARD DEVIATION
Livestock diseases	3.76	1.26
Payment for sold product	3.95	0.89
Climate risk	3.64	1.13
Crop failure	3.76	1.08
Access to market	3.58	0.76
Changes in cost of production	3.64	0.80
Crop price variability	3.98	0.76
Burglary	3.13	0.47



Above the table livestock diseases for mean and standard deviation for well crop insurance performance of farmer perception toward risk factors in the management. The lowest performance as crop price variability is mean and standard deviation performance is low.

Descriptive Statistics Of Farmers Perception Towards Educational Efforts For Spreading Awareness Of Crop Insurance

EDUCATIONAL EFFORTS	MEAN	STANDARD DEVIATION
KisanSabha	4.02	0.85
Work shop	3.44	0.94
Sharing of experience by others insured	3.82	1.06
Advisory service by experts	3.46	1.03
TV programmes	3.92	1.28
Printed materials	3.33	1.22
Radio programmes	3.25	0.64
Village Melas	2.98	0.68
Film show in village	3.34	1.22
Roads show	3.01	0.94
National agricultural insurance scheme	4.22	0.90



Above the table Kisansabha has most arithmetic mean for consider in perception towards risk factors as the natural agricultural schemes was high return and risk of the management. The asset to market mean and standard deviation low performance of this chart of crop insurance schemes.

### 6. CONCLUSION

Weather conditions are beyond the control of farmers and as such crop insurance is a catalytic tool to manage the production risk of crop. Only two out of 55 farmers covered under the study, were having crop insurance. The composition of the sample reflected that all the farmers were male, having an average age of 49 years. The literacy level was found to be quite less. The actual penetration of crop insurance would depend on how and to what extent the farmers perceive it as beneficial to them. Farmers should believe that the terms of the insurance are reasonable, and have the confidence that there would be timely settlement of claims.

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