

FARMER'S PERCEPTIONS TOWARDS CROP INSURANCE

ANJU DUHAN

Research Scholar, Haryana School of Business, Guru Jambheshwar University of Science and Technology,
Hisar, Haryana, India

ABSTRACT

Conventional strength of India in agriculture has enlarged manifold on account of the hard work done by the farmers and improvements in technology. We need to continue to improve, agricultural production as well as the actual returns that farmers get from their produce. For coping with different adversities in farming crop insurance is an effective tool which is an innovation in rural areas. Knowledge is very essential need for any development process. Perception is the process of recognizing and interpreting sensory stimuli. To protect farmers from the risks in agriculture, government has launched a number of schemes such as National Agricultural Insurance Scheme and weather index based crop insurance schemes, MNAIS etc. But due to lack of full information their coverage seems to be limited among the farmers. The present study has reported the results of a survey of 567 farmers conducted to assess their knowledge and perception about various facets of crop insurance schemes. The results of the study revealed that most of the farmers perceive premium very high that they are paying for their crop insurance. Therefore near about ninety percent farmers said that crop insurance should not be compulsory for all the farmers.

KEYWORDS: Perception, Knowledge, Awareness, Crop Insurance

INTRODUCTION

India is the land of farmers, where the greatest amount of rural population depends on agriculture and related activities for their livelihood. However, in the recent years, agricultural GDP share is declining continuously and is about 14% of the country's GDP in the year 2014-15. Agriculture heavily depends on monsoons with 60% of the cropped area being rain-fed in India. Thus, in India, farming community remains at the mercy of rain-Gods. The distress faced by farmers is clearly evidenced by large number of farmers' suicide committed during periods of deficit rainfall. According to the Ministry of Agriculture, the total of number of suicides committed by farmers for agrarian reasons in the last three years stands at 3313, with four states - Maharashtra, Telangana, Karnataka and Andhra Pradesh - accounting for 3280 of them. So, this alarming number of farmer suicides in India, is a burning issue not only in India, but also throughout the world. So, there was a need to review the insurance policies available to the farmers to hedge the risk arises from the natural calamities, like draught, flood and irregular rainfall, etc. Advances in the world economy and the overall wellbeing of humanity in general, are largely determined by advances in Science and Technology. However, most end users of technology, especially those in the agricultural sector hardly know anything about advancement in science and technology. As such, they are sometime unable to drive the maximum benefits from such technological advances. In spite of the gain agricultural production had made and continues to benefit through application of science and technology in crop and animal production, there had been some opposition in the application of certain scientific technologies in the field of agriculture. Haryana is one of the largest agrarian states in the country. Perception is the process of recognizing and

interpreting sensory stimuli. Perception also includes how we respond to the information. We can think of perception as a process where we take in sensory information from our environment and use that information in order to interact with our environment. Perception allows us to take the sensory information in and make it into something meaningful. In financial management, the perception can be defined as the way in which people and organizations perceive risk, based on their concerns and experiences, but not necessarily on objective data. Risk perceptions can influence such things as business policies and investment decisions. Insurance is a form of risk management which is used primarily to hedge against the risk of a contingent, uncertain loss. Insurance is defined as the equitable transfer of the risk of loss, from one entity to another, in exchange for payment. Insurance is essentially an arrangement where the losses experienced by a few are extended among many who are exposed to similar risks. It is a protection against financial loss that may occur due to an unexpected event.

REVIEW OF LITERATURE

To get the insight of the problem, some of the related studied are explored and critically evaluated in the form review of literature which is given below:

Knowledge is an important part in development, and is extremely important in this challenging era. The farmers' knowledge is an important element in accepting sustainable agriculture practices. The development processes will drive by the knowledge buildup and application in the 21st century. To reduce poverty and to increase living standards, knowledge can help poor farmers. In any innovation process, a planned or processed information or data is known as knowledge. It is also considered as one of the potential impingement factors for sustainability. Farmers can be considered as human information processing systems. Knowledge is a process through which the farmers have gone through to understand the information received (Azman et al. 2013). There is a growing need for financial education for the farmers to take better financial decision and to raise their economic security. It has been felt that well informed and well educated customers can earn more from their agricultural activities. They can make better financial decisions for themselves and their families, rising their wellbeing and economic security (Ganesh, 2015). Awareness is the corner stone, because it makes the individual more effective and intelligent. Awareness is a fundamental need, which enables the individual to develop and to rise on the society and increase their competence. The thinking power of an individual increases through this awareness (Narender & Sampath, 2014). To lessen the overall impact of income loss on the farmer crop insurance is a strong device. Thus, it is tool for protecting farmers against the possible variations in their yield, consequential from insecurity of practically all natural factors beyond their control such as rainfall (drought or excess rainfall), flood, hails, other weather variables like (temperature, sunlight, wind), the pest infestation, etc. To reduce the impact of loss in farm income by factoring in a large number of uncertainties that affect the crop yields of the farmers, it is a financial tool (Barua, 2016). Insurance may be understood as a collective bearing of risk. It provides a reasonable degree of security and assurance to the people, so that they will be compensated in the happening of a calamity or a risk. It also helps the individuals to protect themselves from disastrous losses and to anticipate potential risk problems (Jain & Goyal, 2012). A unique and most important financial instrument used in order to cover the risks in the society is the insurance. So, it plays an essential role in sustainable growth of an economy. Despite the importance of insurance for an economy, unfortunately, the insurance products are still not used extensively. Prior action to be taken is to improve the consumers' awareness and the quality of employment in the insurance sector, which might be termed as: Insurance education, to resolve this problem (Monayeri,

2013). (Kangale *et al.*, 2016) founded that education, crops covered in crop insurance are positively and significantly correlated with perception of farmers towards crop insurance schemes and age, annual income, farming experience, source of information were negatively but significantly correlated with perception. The practical issues on the program implementation need to be well planned and information of the completion modalities should be well shared among farmers to implement a program successfully. The farmers' attitudes and perception on loss compensations should adjoin on the need to address the farmer's attitudes by developing and coming out with a more suitable insurance program that is most effective in transferring farmers' risk (Daninga & Qiao, 2014). Crop insurance brings in security and stability in farm income because a good crop insurance programme includes both self as well as mutual help attitude. The reserves accumulated through premiums in good years can be used to pay the indemnities during the loss years. Thus, the losses suffered by farmers in a particular area are borne by farmers in other areas (Raju & Venkateswarlu, 2015).

Objectives of the Study

- To identify how many people are aware about agriculture insurance in Haryana
- To trace out the farmers perception towards crop insurance scheme.
- To provide suggestions to improve knowledge and awareness among farmers for joining and paying for crop insurance.

RESEARCH METHODOLOGY

The present study is exploratory in nature, involving primary data. For the purpose of present study, selection of sample of respondents was made by following random sampling through all over the Haryana state and on the whole a sample size of 567 respondents was planned from the farmer community. The samples consist of marginal, small and large farmers. The data has been collected by administering the self-structured questionnaire used for collection of information from respondents. The analysis of data collected has been carried out by using simple frequencies and percentage analysis. All this was done with the help of statistical software packages.

RESULTS AND DISCUSSIONS

Studies have shown that it is often necessary to ascertain information about the farmers and their families, for such information has often been indispensable to good understanding of their farming systems, practices problem. The sampled data is analyzed to explore the knowledge level of farmers about crop insurance and schemes related to crop insurance that are already implemented in the state. The existing literature pointed out the number of factors which influence the perception of farmers towards crop insurance and the level of understanding the importance of crop insurance in Haryana. The general information obtained was analyzed into frequency tables including the distributions according to the demographic characteristics of the respondents like age, literacy level, and educational qualifications and also according to their economic characteristics such as sources of major income, income group, and category of farming and experience of farming. The proportions of responses sharing the agreement with statements are computed for all data set and also for different categories classified on the basis of above reference factors and presented in Table-1.

Table 1: Diverse Perception towards Crop Insurance

Sr. No.	Variables				
1	Crop insurance should be compulsory for all farmers				
	Yes		No		
	11.1		88.9		
2	Perception towards crop insurance				
	Only for large farmers	Only for small and marginal farmers	For all farmers	Can't say	
	3.4	1.8	46.9	48.0	
3	Perception towards premium that you are paying for such insurance				
	High	Reasonable	Can't say		
	89.4	4.4	6.1		
4	Perception about you crop losses assessment				
	Fair	Fair to some extent	Unfair	Can't say	
	5.3	16.6	53.8	24.3	
5	Received indemnity payments for crop losses				
	Within given time	Sometimes delay	Always after long delay	Not received	
	6.0	3.6	26.8	63.7	
6	Education has become essential for modern farming				
	Yes	To some extent	No		
	73.7	22.0	4.2		
7	Full amount of compensation should be received for crop losses				
	Yes	No			
	99.5	0.5			
8	Stipulated time for compensation				
	Within 15 days	Within one month	1-2 months		
	50.4	41.1	8.5		
9	Full premiums should be paid by government				
	Yes	No			
	81.9	18.1			
10	Premium amount should be calculated on the basis of number of risk factors covered				
	Yes	No			
	81.4	18.6			
11	All the crops you sow should be insured				
	Yes	No			
	88.7	11.3			
12	Crop insurance policies should be formulated on the basis of				
	Village	Block	District	State	Country
	5.8	69.7	13.9	6.9	3.7

Table: 1 explain that how differently farmers think about the various dimensions of crop insurance. If we consider the data, it can be concluded that most of the farmers (88.9%) believe that crop insurance should not be compulsory for all farmers. Half of the sampled farmers said that they have no idea about crop insurance that who will get benefitted from it or not. 46.9% farmers think that it is for all farmers. Every farmer i.e. small, large or marginal will get benefitted from the crop insurance. A very few respondents think that it is only for large farmers. The farmers who have already purchased crop insurance, maximum of them (89.4%) are saying that premium they are paying for crop insurance is very high. Only 4.4% farmers said that the premium is reasonable for crop insurance. If we look at the data regarding the assessment of crop losses, it can be find out that more than half (53.8%) of the farmers feel that loss assessment of the crops is unfair. And, in most of the cases, the indemnity of payment is not received and if it is received, then it takes a long period of time. Majority of respondents perceive that education plays a key role in understanding the new phenomenon in agriculture and its related activities. It also helps in taking decisions regarding modern and diversified farming for the improvement in

economic condition of farming community. The data emphasis that all most all the farmers (99.5%) want that compensation for their crop losses should be received in full amount and also within a particular time period. More than 80% farmers think that premium for their crop insurance should fully paid by the government and amount of the premium should be calculated on the basis of number of risks covered in that policy. Out of total respondents, 88.9% farmers think that all the crops that a particular farmer is sowing should be insured; otherwise all the farmers could not get benefitted from crop insurance schemes. At last, it is observed that crop insurance policies should be formulated on the basis of block level (69.7%). The reason behind is that agricultural risks are different in different areas at different times.

CONCLUSIONS

To understand how to apply good farming practices, knowledge enables farmers. Without enough knowledge, they will not know what to do. To provide knowledge to farmers, mass media play a vital role in terms of dispensing information. In addition, the government can carry out courses or workshops so as to provide information and teach good techniques to farmers. Half of the sampled farmers have not even idea about the crop insurance and they also do not know that who will be benefitted from it. Rests of the half farmers think that crop insurance is for all the farmers i.e. small, marginal or large. Near about 90% respondents think that crop insurance should not be compulsory for all farmers, it should be implemented on voluntary basis. The farmers who have already purchased crop insurance and are paying premium said that the premium, they are paying is very high according to their paying capacity. They also said that their crop loss assessment is unfair, and also there is a long delay in indemnity payment receipt. In most of the cases it is not received. Majority of respondents perceive that education plays a key role in understanding the new techniques in agriculture and its related activities. It also helps in taking decisions regarding modern and diversified farming for the improvement in economic condition of farming community. The farmers want that compensation for their crop losses should be received in full amount and also within a particular time period and premium for their crop insurance should fully paid by the government and amount of the premium should be calculated on the basis of number of risks covered in that policy. All the crops that a particular farmer is sowing should be insured, so that each and every farmer could get benefitted from crop insurance schemes. The reason behind is that agricultural risks are different in different areas at different times. So, the crop insurance policies should be formulated on the basis of block level.

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