



**A STUDY ON FARMERS' ATTITUDE TOWARDS CROP INSURANCE
IN ERODE DISTRICT**

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ABSTRACT

Crop insurance or agriculture insurance is a crucial importance to a country like India which has around 16 per cent of the world's population and 2.4 per cent world's land. In India 142 million hectares of land are cultivable, in which 60 million hectares of land are irrigated, around 80 million hectares of land are rain fed area, 50 million hectares are double cropped and 68 million hectares are covered by forest.

Crop insurance is a financial mechanism to minimize the impact of loss in farm's income by factoring in a large number of uncertainties which affect the crop yields. As such it is a risk management alternative where production risk is transferred to another party at a cost called premium. Therefore it is important to examine the awareness, perception and willingness of the farmers towards crop insurance. The study is based on primary data collected from 100 farmers located in Erode district. The analysis of the data has been made with the help of the descriptive statistics. The result of the study shows that awareness and perception of crop insurance is at elementary stage. Most of the farmers were not aware of the potential benefits of crop insurance. Need of the hour is to raise awareness of crop insurance among the farmers.

Keywords: *Crop insurance, Awareness, Willingness.*

INTRODUCTION

Agriculture is a backbone of our economy, so we must be protects it because subject to vagaries of nature like flood, drought and cyclone. Susceptibility of agriculture to these disasters is compounded by the outbreak of epidemics and manmade disasters such as fire, sale of spurious seeds, fertilizers and pesticides, price crashes, etc. All these events severely affect farmers through loss in production and farm income and are beyond the control of farmers. With growing commercialization of agriculture the magnitude of loss due to unfavorable eventualities has increased. Crop insurance or agricultural insurance is a mechanism through which farmers can protect themselves from unexpected loss.

How crop insurance can help the farmers?

Crop insurance have a significant and favorable effect on crop yield and income of the farmers as under:

- Crop insurance helps to make necessary credit available to the farmer on a continuous basis regardless of the inconsistencies of agricultural performance.
- Crop insurance helps the risk-averse farmer to behave as a risk-neutral profit maximizing entrepreneur aiming for optimal resource allocation so that his resource use is higher under insurance.
- Crop insurance contributes to self-reliance and self-respect among farmers as in case of crop loss they can claim compensation as a matter of right.

OBJECTIVE OF THE STUDY

Agriculture plays a significant role in the employment and income generation in India. But the production of agriculture highly depends on the weather and is severely impacted by its vagaries as also by attack of pests and diseases. In order to protect the farmers from the adverse consequences the government of India has designed different schemes. Thereby, the present paper examines the awareness of farmers towards crop insurance.

RESEARCH METHODOLOGY

The present study is based on primary data. The data has been collected from the farmers working in Erode district by convenient approach from 100 farmers. For the collection of data a structured questionnaire has been prepared. The analysis of data collected has been carried out by using percentages, frequency and Weighted Average Method (WAS). All the statistical tools were employed with the help of famous statistical software's.

RESULTS

Table 1 shows that demographic profile of the farmers and found that five percent of the respondents were up to 30 years, 31.0 percent 30-40 years, 30.0 percent 40-50 years, 25.0 percent 50-60 years and only 9.0 percent above 60 years. 25.0 percent were illiterate, 40.0 percent were primary and 35.0 percent were secondary. The result shows that majority of the respondents were with an income of 2, 00,000-3, 00,000.

TABLE: 1
DEMOGRAPHIC PROFILE OF RESPONDENTS

Characteristics	%
Age	
Up to 30 years	5.0
30-40 years	31.0
40-50 years	30.0
50-60 years	25.0
60 years above	9.0
Education	
Illiterate	25.0
Primary	40.0
Secondary	35.0
Annual Household Income	
Up to 1,00,000	20.0
1,00,000-2,00,000	50.0
2,00,000-3,00,000	30.0

Source: Primary Data

Table 2 describes the awareness of crop insurance among the farmers and the result shows that only 33.0 percent of the farmers were aware of the crop insurance. The main source of awareness was T.V followed by radio, friends/farmers and relatives.

TABLE: 2
AWARENESS OF CROP INSURANCE

Awareness of Crop Insurance	Particulars	Percentage
Sources of Awareness	Yes	33.0
	No	67.0
If yes, through	TV	25.0
	Radio	15.0
	Friends / Farmers	55.0
	Relatives	5.0

Source: Primary Data

Table 3. Shows that media of awareness about crop insurance. Out of total respondents, 52 percentage of the respondents awarded through friends and farmers..and 25percentage of them are awarded through TV advertisement, and 15percentage of them are awarded through Radio, and 5percentage of them are awarded through Relatives. Majority (55precentage) of the respondents are awarded through Friends and farmers.

TABLE: 3
WILLINGNESS TO JOIN FOR CROP INSURANCE

Willingness to Join	Particulars	Percentage
For Crop Insurance	Yes	80.0
	No	20.0

Source: Primary Data

Table 4 shows that willingness to join the crop insurance. Among the total respondents 80 percentages are willing to join crop insurance and remaining 20 percentage are not willing to join the crop insurance.

TABLE: 4
WEIGHTS AND RANKS OF PERCEPTION OF RESPONDENTS
TOWARDS CROP INSURANCE

S. No	Statements	Weighted Average Score (WAS)	Rank
1	I am not aware of crop insurance	4.18	1
2	I do not feel the need of the crop insurance	2.02	7
3	I do not have the paying capacity for crop insurance	3.95	3
4	I do not want to buy due to complex procedures	1.98	8
5	I prefer non-institutional source of finance	2.06	6
6	I do not know the benefits of crop insurance	2.42	5
7	I will buy if provided by government company	4.06	2
8	Crop insurance will not yield any return, rather it is a money loss	1.62	9
9	No one suggested about crop insurance	1.16	10
10	I will buy if other farmers in my area will buy	2.7	4

Source: Primary Data

From the above table on the basis of the weighted average score, it was found that the first perception towards crop insurance was I am not aware of crop insurance (WAS=4.18) followed by I will buy if provided by government company (WAS=4.06), I do not have the paying capacity for crop insurance (WAS=3.95), I will buy if other farmers in my area will buy (WAS=2.70), I do not know the benefits of crop insurance

(WAS=2.42), I prefer non-institutional source of finance (WAS=2.06), I do not feel the need of the crop insurance (WAS=2.02), I do not want to buy due to complex procedures (WAS=1.98), Crop insurance will not yield any return, rather it is a money loss (WAS=1.62) and No one suggested about crop insurance (WAS=1.16).

CONCLUSION

In the present study an attempt has been to assess the awareness and willingness of the farmers towards crop insurance. The analysis of the data shows that only 33.0 percent of the respondents were aware of the crop insurance and the main source of awareness was T.V. followed by radio, farmers and relatives. The result indicates the respondents hold different opinion/perceptions about the crop insurance such as lack aware of crop insurance followed by preference of government company, lack of paying capacity for crop insurance, they will buy if other farmers in my area will buy, do not know the benefits of crop insurance, prefer non-institutional source of finance, do not feel the need of the crop insurance, do not want to buy due to complex procedures, crop insurance will not yield any return rather it is a money loss and no one suggested about crop insurance.

It was observed that the farmers have different perceptions towards crop insurance and they were not clear with the exact role of crop insurance. The awareness of crop insurance is of immense importance for the welfare of the farmers and society as well as nation at large, as agricultural production is heavily dependent on the nature. The Indian farmers have to suffer a huge loss during natural disasters such as flood, drought or earthquake.

Therefore, crop insurance is one of the best ways to protect the farmers from such adverse catastrophic situations. Steps are necessary from the policy makers and insurance companies to promote the penetration of crop insurance among the farmers.

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