Constraints and suggestions expressed by the farmers in availing Crop Insurance Schemes in Northern Karnataka

ABSTRACT

The study was conducted Karnataka State during 2017-18 by using "Ex-post- facto" 7 8 research design. Belgavi, Dharwad, Haveri and Vijayapura districts were selected purposefully based on more number of insured farmers. Further, two taluks from each district and from each 9 taluk three villages (i.e. total 24 villages) were selected randomly. Sample size for the study was 10 240. The data collected from respondents were tabulated and analyzed using Garrett's Ranking 11 Technique. The findings of the study revealed that, Delay in getting the claim was the prime 12 constraint faced by the insured farmers with a highest Garret Score (GS) of 73.53 and ranked as 13 14 first (I), followed by inadequate compensation (GS-61.51 and Rank-II), officials bias in loss assessment (GS-56.42 and Rank-III) and complex procedure (GS-52.32 and Rank-IV). With 15 respect to suggestions given by the farmers were, Claim should be dispersed before starting of 16 the next season with utmost priority by farmers with a Garret Score of 75.70 and ranked first (I), 17 followed by creation of separate insurance cell at Block / Taluk level (GS-66.40 & Rank-II), 18 19 more number of trainings need to be organized on Crop Insurance Scheme (GS-54.91 & Rank-III), more number of Crop Cutting Experiments to be conducted (GS-43.91 & Rank-IV), 20 21 coverage of more number of crops (GS-43.62 & Rank-V).

- 22 Key words: Crop Insurance Scheme, Constraints, Suggestions and Crop Cutting Experiments.
- 23

1

2

3

4

5

6

- 24
- 25
- 26

27 **1. Introduction**

28 Agricultural risk is associated with negative outcomes that arise from imperfectly 29 predictable biological variables like outbreak of pest and diseases, adverse climatic factors like drought, flood and storm, resource risks like non-availability or poor quality of inputs, and price 30 risks, which altogether are not within the control of farmers. Under such a situation, crop 31 32 insurance protects farmers' investment in crop production and thus improves their risk-bearing capacity. It facilitates adoption of improved technologies and encourages higher investment, 33 34 resulting in higher agricultural production. Further, it spreads the crop losses that occur due to 35 uncontrollable natural factors, over space and time, and helps the farmers make more investments in agriculture. Crop credit insurance also reduces the risk of becoming a defaulter of 36 institutional credit. The reimbursement of indemnities in the case of crop failure enables a farmer 37 to repay his debts and therefore, he/she has not to seek loan from a private moneylender. 38

In India insurance in agriculture, historically, has roots in a study during 1947-48 39 recommending homogenous area approach, crop insurance bill in 1965 and expert committee 40 headed by Dharam Narian report denying crop insurance scheme in 1971. Later, Dandekar in 41 1976 advocated crop insurance and pilot crop insurance scheme (PCIS) was implemented in 42 1979 with the involvement of General Insurance Corporation (GIC) which covered 13 states and 43 44 6.27 Lakhs of farmers till 1984-85. During 1985 comprehensive crop insurance scheme (CCIS) 45 was implemented and replaced by National Agricultural Insurance Scheme (NAIS) in 1999 to include non- loanee farmers which continued till 2007-08 covering 9-15 per cent of farmers, 8-46 16 per cent of cropped area and 2.14- 3.57 per cent of crop output in monetary terms (Raju and 47 Chand, 2008). To remove the arguments on the merits and demerits of NAIS, a new scheme, 48 49 Modified National Agricultural Insurance Scheme (MNAIS) based on actuarial premium rates expected to generate more benefits to farmers through coverage of prevented sowing/planting 50 risk and post-harvest losses, higher indemnity level of minimum 70 per cent with more precise 51 52 calculation of threshold yield was implemented during 2010 (Nain et al., 2015).

Later NAIS and MNAIS have been merged under the single scheme Pradhan Mantri
 Fasal Bima Yojana (PMFBY) and WBCIS also brought under PMFBY as restructured WBCIS

55 in 2016. New scheme namely PMFBY has been launched during June 2016 which let farmers 56 pay a very low premium to insure their crops. Farmers have to pay a premium of only 2.00 per 57 cent of the sum insured for Kharif crops, 1.50 per cent for Rabi crops and 5.00 per cent for 58 horticulture and cash crops. The difference between the premium paid by the farmers and the 59 premium fixed by the insurance companies will be subsidized and there will be no cap on the maximum subsidy paid by the Government. The subsidy has to be borne equally by central and 60 61 the respective state Government. The coverage includes losses due to non-preventable risks 62 (Natural Fire and Lightning, Storm, Hailstorm, Cyclone, Typhoon, Tempest, Hurricane, Tornado. Risks due to Flood, Inundation and Landslide, Drought, Dry spells, pests/ Diseases), 63 64 having intent to sow/plant and incurred expenditure for the purpose, and are prevented from 65 sowing/planting crop due to adverse weather conditions, post-harvest losses (up to a maximum period of 14 days from harvesting) and certain localized problems (Anon, 2018). Keeping an eye 66 on these issues this study was undertaken to analyse the constraints and suggestions expressed by 67 the farmers in availing Crop Insurance Schemes 68

69 **2.** Methodology

The study was conducted Karnataka State during 2017-18 by using "Ex-post- facto" 70 research design. Belgavi, Dharwad, Haveri and Vijayapura districts were selected purposefully 71 72 based on more number of insured farmers. Further, two taluks from each district and from each taluk three villages (i.e. total 24 villages) were selected randomly. Sample size for the study was 73 240. Structured interview schedule was developed with the help of experts in the field of 74 Agricultural Extension and review of literature. The interview schedule was pre-tested in non-75 sample area for its practicability and relevancy. The data collected from respondents were 76 tabulated and analyzed using Garrett's Ranking Technique. Basically Garrett's Ranking 77 Technique gives the change of orders of constraints or suggestions in to numerical scores. The 78 79 advantages of this technique as compared to simple frequency distribution is that constraints and 80 suggestions are arranged based on their importance from the point of view of insured farmers. Hence, the same number of insured farmers on two or more constraints or suggestions may have 81

- been given different rank. A constraint or suggestion with highest Garrett's score was assigned
 first rank and with least Garrett's score was given in least rank.
- 84 Garrret's formula for converting ranks in to per cent was given by
- 85 Per cent position = 100 X (Rij 0.5)

Nj

86 Where,

- 87 Rij = Rank given for i^{th} factor by j^{th} individual
- 88 **3. Results and Discussion**

89 Constraints faced by the insured farmers in Crop Insurance Scheme

90 The data presented in Table 1 depicted that, constraints faced by the insured farmers 91 while availing the benefits of Crop Insurance Scheme in the order of priority were; 'Delay in 92 getting the claim' ranked I as evidenced by Delay in payment of premium subsidy by the state 93 government. 'Inadequate compensation' ranked II as farmers used to get lower claim compared 94 to the actual loss incurred. 'Bias of officials in loss assessment' ranked III. The reason may be, 95 while conducting Crop Cutting Experiments line department and bank officials are not 96 participate properly due to their pre-occupied work. 'Complex procedure' ranked IV as registration process of Crop Insurance Scheme itself takes minimum half an hour for each farmer 97 98 and only one official is allotted for crop insurance registration process. Fifth major constraint 99 expressed by insured farmers was 'Poor awareness about Crop Insurance Scheme' as line 100 department, bank and insurance officials are not organizing sufficient number of trainings and 101 awareness programmes on Crop Insurance Scheme.

102 *No compensation even loss is happening due to crop failure'* was ranked VI among 103 constraints. Because they did not conduct the Crop Cutting Experiments as per the guidelines by 104 involving all the concerned stakeholders. *Compulsory nature of Crop Insurance Scheme, even* 105 *though farmers are not interested'* ranked-VII was another constraint faced by insured farmers. 106 As per the Government guidelines bank officials are supposed to do the registration compulsory 107 for loanee farmers. *Non inclusion of geographically important crops in the list of notified crops'* 108 ranked VIII as the insurance facility is available for only state notified crops and farmers 109 growing other than notified crops will not get the benefits of Crop Insurance Scheme. 'Distant 110 location of banks' was another constraint faced by farmers which ranked IX as they are supposed 111 to go to nearby talukas/Hobli for registration but some of the villages don't have bank facility. 112 Because of the tedious procedure farmers have to visit bank twice or trice to avail crop insurance scheme. Another constraint faced by insured farmers was 'Bank officials deny the non-loanee 113 114 farmers for inclusion in Crop Insurance Scheme' which ranked X as the bank officials wants to 115 avoid the extra work. The above results are in accordance with the findings of Jayakumar and Pramod (2012), Vardan and Kumar (2012), Mani et al. (2012), Mahapatra and Dhaliwal (2013) 116 117 and Nain et al. (2017).

118 Suggestions for modification in the existing Crop Insurance Scheme

119 The data presented in Table 2 revealed that, 'Claim should be dispersed before starting of the next season' was ranked I. The reason may be, delay in payment of subsidy by the State 120 Government to the crop insurance companies. Hence, government should make sincere efforts to 121 pay the claim before the start of next season. 'Creation of separate insurance cell at Block/ Taluk 122 level' was ranked II by majority of farmers so as to have effective planning, monitoring and 123 124 handling of grievances with respect to claim settlement. Another suggestion of farmers was 'More number of trainings need to be organized on Crop Insurance Scheme' ranked III, by way 125 126 of conducting trainings, workshops, distribution of pamphlets, road shows, advertisements using 127 television, newspaper, radio, mobile SMS etc. 'More number of Crop Cutting Experiments to be conducted' was ranked IV. Hence, the government should make strict regulations to conduct 128 Crop Cutting Experiments as per guidelines by involving all the concerned stakeholders. 129

Farmers suggested the '*Coverage of more number of crops*' based on geographically important crops was ranked V. '*Making Crop Insurance Scheme voluntary*' was suggested by few number of farmers and ranked VI. Farmers also suggested '*Provide insurance services at village level*' by way of appointing insurance agents at village level itself was ranked VII. Another suggestion made by the farmers was '*Tenant and share croppers should also be covered under Crop Insurance Scheme*' and ranked VII. At present tenant and share croppers are not 136 covered under insurance scheme so, Government should make suitable changes in the policy and 137 guidelines. The above results are in line with the findings of Bharati et al. (2014), Nayak (2016), 138 Sarangi and Panigrahi (2016), Sindhu and Ariff (2017).

139

140 4. Conclusion :

The study brought out various constraints faced by the farmers related to Crop Insurance 141 142 Schemes. Thus, concerned officers should approach the State Government to make sincere efforts to pay the claim before the start of next season and conduct more number of training and 143 144 awareness programmes. Crop loss assessment to be made at Panchayat level by covering all 145 crops instead of Hobli level. Farmers should be well informed on or before conducting the Crop Cutting Experiment and concerned officials should be involved. Non-loanee farmers also to be 146 encouraged by simplifying the online registration process and making the 'Samrakshane Portal' 147 farmer friendly. The insurance company should have permanent office at hobli / taluk level for 148 effective planning, monitoring and handling of grievances with respect to claim settlement. 149

150

5. References

- 151 Anonymous, 2018, Operational guidelines for Pradhan Mantri Fasal Bima Yojana, Department 152 of Agriculture, Cooperation and Farmers Welfare, Ministry of Agriculture & Farmers Welfare, KrishiBhawan, New Delhi 153
- 154 Bharati, R. C., Azad, N. K., Singh, K. M, Chandra, C. P. and Singh, S. P., 2014, Factors affecting adoption of crop insurance in Bihar. J. Agri. Res., 1(2): 102-107. 155
- 156 Jayakumarar, V. R. and Pramod, K., 2012, Impact of crop insurance on rice farming in Tamil Nadu. Agri. Econ. Res. Rev., 25(2): 291-298. 157
- 158 Mahapatra, L. and Dhaliwal, R. K., 2013, An analysis of constraints faced by the farmers in availing agricultural insurance in Punjab. J. Commun. Mobil. Sustain. Dev., 8(2): 253-159 256 160

- Mani, K., M., Chandrasekaran and S. Selvanayaki, 2012, Adaptability of Crop Insurance
 Schemes in Tamil Nadu. *Agri. Econ. Res. Rev.*, 25(2) 279-290.
- Nain, M. S., Rashmi, S and Mishra, J. R., 2017, A study of farmers' awareness on agricultural
 insurance schemes in southern Haryana, *Indian J. Ext. Educ.*, 53(4): 75-79.
- Nayak, Y., 2016, Socio-Economic Profile and Perception of Farmers on Crop Insurance in
 Odisha: A Case Study of Selected Villages of Keonjhar District. *Shrinkhla Ek Shodhparak Vaicharik Patrika.*, 8(8):74-79.
- Raju, S. S. and Chand, R., 2008, A study on the performance of National Agricultural Insurance
 Scheme and suggestions to make it more effective. *Agric. Econ. Res. Rev.*, 21:11-19
- Sarangi, S., K. and Panigrahi, K., 2016, Crop Insurance, the Backbone of Indian farming
 community- Issues and Challenges. *Int. J. Eng. Res. Appl.*, 6(1):39-47.
- Sindhu, C. and. Ariff, U. T., 2017, A Study on Farmers Preference towards Crop Insurance, *Int. J. Interdisciplinary Res. Arts Humanities.*, 2(2):138-143.

184Table 1. Constraints faced by the insured farmers in availing Crop Insurance Scheme

1	o	C
Т	Ō	D

Sl. No.	Statements	Garrett Score	Rank
1.	Delay in getting the claims	73.53	Ι
2.	Inadequate compensation	61.51	II
3.	Officials bias in Loss assessment	56.42	III
4.	Complex procedure	52.32	IV
5.	Poor awareness about Crop Insurance Scheme	48.91	V
6.	No compensation even loss is happening due to crop failure	46.95	VI
7.	Compulsory nature of Crop Insurance Scheme even though farmers are not interested	42.24	VII
8.	Non inclusion of important crops in the list of notified crops	41.60	VIII
9.	Distant location of banks	40.07	IX
10.	Bank officials deny the non- loanee farmers for inclusion in Crop Insurance Scheme	34.40	X

189Table 2. Suggestions expressed by the farmers in availing Crop Insurance Schemes

Sl. No	Statements	Garrett Score	Rank
1	Claim should be dispersed before starting of the next season	75.70	Ι
2	Creation of separate insurance cell at Block/ Taluk level	66.40	II
3	More number of trainings need to be organized on Crop	54.91	III
	Insurance Scheme		
4	More number of Crop Cutting Experiments to be conducted	43.91	IV
5	Coverage of more number of crops	43.62	V
6	Making Crop Insurance Scheme voluntary	40.67	VI
7	Provide Insurance services at village level	38.30	VII
8	Tenant and Share cropers are also be covered under Crop	36.55	VIII
	Insurance Scheme		

n=240