

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

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## **ABSTRACT**

Crop insurance is one method by which farmers can stabilize farm income and investment and guard against disastrous effect of losses due to natural hazards or low market prices. Crop insurance not only stabilizes the farm income but also helps the farmers to initiate production activity after a bad agricultural year. The study was conducted in Karnataka State during 2017-18 by using “Ex-post- facto” 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 taluk three villages (i.e. total 24 villages) were selected randomly. Sample size for the study was 240. Purposive sampling procedure was used. The data collected from respondents were tabulated and analyzed using Garrett’s Ranking Technique. The findings of the study revealed that, Delay in getting the claim was the prime constraint faced by the insured farmers with a highest Garret Score (GS) of 73.53 and ranked as first (I), followed by inadequate compensation (GS-61.51 and Rank-II) and officials bias in loss assessment (GS-56.42 and Rank-III). With respect to suggestions given by the farmers were, Claim should be dispersed before starting of the next season with utmost priority by farmers with a Garret Score of 75.70 and ranked first (I), followed by creation of separate insurance cell at Block / Taluk level (GS-66.40 & Rank-II) and more number of trainings need to be organized on Crop Insurance Scheme (GS-54.91 & Rank-III). The study brought out various constraints faced by the farmers related to Crop Insurance 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 awareness programmes. Non-loanee farmers also to be encouraged by simplifying the online registration process and making the ‘*Samrakshane Portal*’ farmer friendly.

**Key words:** Crop Insurance Scheme, Garret Score, Samrakshane Portal and Crop Cutting Experiments.

## 1. Introduction

Agriculture production and farm income in India are frequently affected by natural disasters such as droughts, floods, cyclones, storms, landslides and earthquakes. Susceptibility of agriculture to these disasters is compounded by the outbreak of epidemics and man-made disasters such as fire, sale of spurious seeds, fertilizers and pesticides, price fluctuations etc. All these events severely affect farmers through loss in production and farm income, and they are beyond the control of the farmers. In recent times, mechanisms like contract farming and future’s trading have been established which are expected to provide some insurance against price fluctuations directly or indirectly. But, agricultural insurance is considered as an important mechanism to effectively address the risk to output and income resulting from various natural and manmade events. (Suman Devi) [1]

Agricultural insurance is one method by which farmers can stabilize farm income and investment and guard against disastrous effect of losses due to natural hazards or low market prices. Crop insurance not only stabilizes the farm income but also helps the farmers to initiate production activity after a bad agricultural year. It cushions the shock of crop losses by providing farmers with a minimum amount of protection. It spreads the crop losses over space and time and helps farmers make more investments in agriculture. (Archana) [2].

Farmers are vulnerable to agricultural risks and thus need an insurance system. While India has had one since 1972, the system is rife with problems, such as lack of transparency, high premiums, and non-payment or delayed payment of claims. India’s first crop insurance scheme was based on the “individual farm approach,” which was later dissolved for being unsustainable. The next insurance scheme was then based on the “homogeneous area approach.” In 1985, the Comprehensive Crop Insurance Scheme was implemented for 15 years; improvements were

made based on the area approach linked with short-term crop credit. Its successor, the National Agricultural Insurance Scheme, was implemented to increase the coverage of farmers, both those with existing loans and those without. However, despite the modifications, the scheme failed to cover all farmers, and in Kharif season 2016, the GoI formulated the Pradhan Mantri Fasal Bima Yojana (PMFBY) to weed out the issues in the previous crop insurance schemes. (Anitha and Vinita) [3].

The PMFBY is a crop insurance scheme that improved upon its predecessors to provide national insurance and financial support to farmers in the event of crop failure: to stabilize income, ensure the flow of credit and encourage farmers to innovate and use modern agricultural practices. However, a close assessment of the scheme and its implementation shows that the PMFBY is afflicted by the same problems as the previous schemes. This brief attempts to investigate the constraints and suggestions expressed by the farmers in availing Crop Insurance Schemes.

## **2. Methodology**

The study was conducted Karnataka State during 2017-18 by using “Ex-post- facto” research design. Belgavi, Dharwad, Haveri and Vijayapura districts were selected purposefully based on more number of insured farmers. Further, two taluks (Taluk- an administrative district for taxation purposes, typically comprising a number of villages) from each district and from each taluk three villages (i.e. total 24 villages) were selected randomly. From each taluka three villages (i.e. total 24 villages) were selected randomly. From each selected villages ten farmers who have at least three years of crop insurance experience were selected as respondents. Purposive random sampling procedure was used for selection of the farmers. Sixty farmers were selected from each district making the sum of 240. The data collection tool was structured interview schedule and it was pre-tested in non-sample area for its practicability and relevancy. The data collected from respondents were tabulated and analyzed using Garrett’s Ranking Technique. Basically Garrett’s Ranking Technique gives the change of orders of constraints or suggestions in to numerical scores. The advantages of this technique as compared to simple

frequency distribution is that constraints and 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 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.

Garret's formula for converting ranks in to % was given by

$$\% \text{ position} = 100 \times \frac{(R_{ij} - 0.5)}{N_j}$$

Where,

$R_{ij}$  = Rank given for  $i^{\text{th}}$  factor by  $j^{\text{th}}$  individual

$N_j$  = Number of variable ranked by  $j^{\text{th}}$  respondents

### 3. Results and Discussion

#### Constraints faced by the insured farmers in Crop Insurance Scheme

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

*‘No compensation even loss is happening due to crop failure’* was ranked VI among constraints. Because they did not conduct the Crop Cutting Experiments as per the guidelines by involving all the concerned stakeholders. *‘Compulsory nature of Crop Insurance Scheme, even though farmers are not interested’* ranked-VII was another constraint faced by insured farmers. As per the Government guidelines bank officials are supposed to do the registration compulsory for loanee farmers. *‘Non inclusion of geographically important crops in the list of notified crops’* ranked VIII as the insurance facility is available for only state notified crops and farmers growing other than notified crops will not get the benefits of Crop Insurance Scheme. *‘Distant location of banks’* was another constraint faced by farmers which ranked IX as they are supposed to go to nearby talukas/Hobli (Hobli- cluster of adjoining villages administered together for tax and land tenure purposes in the states of Karnataka, India) for registration but some of the villages don’t have bank facility. Because of the tedious procedure farmers have to visit bank two times or three times to avail crop insurance scheme. Another constraint faced by insured farmers was *‘Bank officials deny the non-loanee farmers for inclusion in Crop Insurance Scheme’* which ranked X as the bank officials wants to avoid the extra work. The above results are in accordance with the findings of Jayakumar and Pramod [4], Vardan and Kumar [5], Mani *et al.* [6], Mahapatra and Dhaliwal [7] and Nain *et al.* [8].

### **Suggestions for modification in the existing Crop Insurance Scheme**

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 Government to the crop insurance companies. Hence, government should make sincere efforts to pay the claim before the start of next season. *‘Creation of separate insurance cell at Block/ Taluk level’* was ranked II by majority of farmers so as to have effective planning, monitoring and 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 of conducting trainings, workshops, distribution of pamphlets, road shows, advertisements using 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 Crop Cutting Experiments as per guidelines by involving all the concerned stakeholders.

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 covered under insurance scheme so, Government should make suitable changes in the policy and guidelines. The above results are in line with the findings of Bharati *et al.* [9], Nayak [10], Sarangi and Panigrahi [11], Sindhu and Ariff [12].

#### **4. Conclusion :**

The study brought out various constraints faced by the farmers related to Crop Insurance 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 awareness programmes. Crop loss assessment to be made at Panchayat level (Panchayat - a village council in India) by covering all 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 encouraged by simplifying the online registration process and making the '*Samrakshane Portal*' farmer friendly. The insurance company should have permanent office at hobli / taluk level for effective planning, monitoring and handling of grievances with respect to claim settlement.

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**Table 1. Constraints faced by the insured farmers in availing Crop Insurance Scheme****n=240**

<b>Sl. No.</b>	<b>Statements</b>	<b>Garrett Score</b>	<b>Rank</b>
1.	Delay in getting the claims	73.53	I
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

**Table 2. Suggestions expressed by the farmers in availing Crop Insurance Schemes****n=240**

<b>Sl. No</b>	<b>Statements</b>	<b>Garrett Score</b>	<b>Rank</b>
1	Claim should be dispersed before starting of the next season	75.70	I
2	Creation of separate insurance cell at Block/ Taluk level	66.40	II
3	More number of trainings need to be organized on Crop Insurance Scheme	54.91	III
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 croppers are also be covered under Crop Insurance Scheme	36.55	VIII