



# ANALYSIS OF CROP INSURANCE SCHEME WITH SPECIAL REFERENCE TO COIMBATORE CITY

**Dr. M. Kalimuthu<sup>1</sup>, G. Priyanka<sup>2</sup>**

<sup>1</sup>Professor, Department of Commerce with Professional Accounting,  
Dr. N. G. P. Arts and Science College, Coimbatore - 641048.

<sup>2</sup>III.B.Com (PA), Department of Commerce with Professional Accounting,  
Dr. N. G. P. Arts and Science College, Coimbatore - 641048.

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## ABSTRACT

Crop insurance plays a crucial role in mitigating the financial risks faced by farmers due to adverse weather conditions, pests, diseases, or other unforeseen events. This abstract presents a comprehensive analysis of the crop insurance scheme implemented in Coimbatore City, a prominent agricultural region in southern India. The study aims to evaluate the effectiveness, accessibility, and impact of the crop insurance scheme on farmers in the region.

## INTRODUCTION

India has always been blessed with fertile lands and has a long history of agriculture, which dates to Indus Valley Civilization era and even before that in some parts of Southern India. The tradition of being engaged with agriculture and related activities continues even today, as in our country agriculture not seen as an occupation rather a way of life. People residing in rural parts of India are still heavily dependent on agriculture. Agriculture and related activities are the main source of livelihood for around 58% of population of India and its contribution to Gross Domestic Product (GDP) was nearly 17% (in 2014).

Agriculture is a very risky profession given that it is affected by uneven distribution of rainfall, pest attacks, hail, other natural calamities like flood, drought, etc. "In case of severe declines in farm output, and hence farmers' incomes, governments have volunteered to help alleviate their negative impact. The free distribution of grain, free kitchens, remission of revenue and other taxes, payment of advances, construction of public works, and irrigation projects. According to a study conducted in India in 2002 majority of farmer suicides are caused due to failure of crops (16.84%) as compared to debt burden (2.65%), property disputes (2.65%), family problems with spouse or others (13.27%), losses in nonfarm activities (1.77%), other reasons (15.04%), etc., The present article explains how crop insurance insulates the farmers against crop failure. Farmers engaged in agriculture and related activities must face various other problems like; instability and fluctuation, cropping pattern, inequality inland and distribution, inadequate irrigation facilities, agricultural indebtedness, poor farming techniques and agricultural practices, etc.

## STATEMENT OF THE PROBLEM

Although the crop insurance has been in the country yet it has several problems such as transparency, high premium. Delay in conducting crop cutting experiments and non-payment or delayed payment of claims to farmers. Then Farmers don't have any knowledge about crop insurance scheme and small farmers have no incentive as they have to pay premium to those particular financial institutions.



### SCOPE OF THE STUDY

- This study is about the crop insurance is an important risk management tool available to farmers to help them and protect them against declines in crop yield and or revenue.
- This study is useful to analyze the farmers financial support and difficulties faced by them.
- This study is useful to know more about the crop insurance scheme to the farmers to use this scheme and subsidies provided by the government for crop loan purposes.

### OBJECTIVES OF THE STUDY

- To study the awareness level of farmers for crop insurance scheme.
- To study the reasons for not availing such insurance by farmers.
- To understand the prevailing scenario of crop insurance scheme.
- To analyze the risk relief measures undertaken by the farmers.

### RESEARCH METHODOLOGY

Research methodology is the process used to collect information and data for the process of analyzing crop insurance scheme. The researcher used to collect data through articles, websites, published research, surveys and other techniques. This study is based on descriptive and analytical in nature.

### RESEARCH DESIGN

This study is exploring the potential of crop insurance scheme based on the descriptive research design. Descriptive research is well structured and rigid which cannot be changed.

### SOURCE OF DATA

This study is based on primary data which is derived from published from journals. And further information needed for the study was gathered through various books, websites etc.

### SAMPLESIZE

This study is conducted based on the primary data with the sample size of 120 respondents.

### SAMPLINGMETHOD

Convenience sampling method

### LIMITATIONS

1. Farmers must be involved in price discovery and the direct transaction.
2. Governmental institution needs to encourage farmers in communicating benefits of crop insurance scheme.
3. The infrastructure investments in the warehouse cold storage logistics are much needed to raise the income of the farmers.

### REVIEW OF LITERATURE

**Dr.M.KALIMUTHU, Mr.R.Sounder, Awareness and Perceptions towards Crop Insurance Schemes with Special Reference to Coimbatore District,** Agriculture is the back bone of the Indian economy. Government has launched several insurance schemes like National Agricultural Scheme and Weather Index Based crop insurance schemes for shielding the farmers against risks in agriculture. Due to the danger of loss in agriculture the farmers are making suicide attempts, selling their properties or the properties are seized by the Bank and financial institutions for the loan availed by the farmers. This is due to lack of awareness about the risk management among the farmers. The research was conducted among the 120 farmers of Coimbatore District to assess the farmer's perception about the various facts of crop insurance.



**Rajan Kumar Ghosh (2019),**<sup>20</sup>The report on Performance Evaluation of Pradhan Mantri (PMFBY), have identified that the state of Assam has highest level of awareness about the PMFBY under the loan category. Before the introduction of PMFBY assam loan category farmers have not insured under the previous schemes. Similarly, it is identified that the state of Assam, Bihar, Madhya Pradesh, Uttar Pradesh, and Himachal Pradesh had very limited number of loan farmers insured under the previous schemes. Government have conducted awareness campaign about PMFBY and it have highly benefited farmers in most of the state. Other agencies like banks and Panchayats helped in spreading the awareness among the farmers about the scheme. The scheme was modified based on the suggestions provided to meet the farmers need.

**Dr.S.M.Uvaneshwaran, T.Mohanapriya(2014)**<sup>15</sup>,The study consists of empirical analysis on crop insurance the major objective of the study was (i) to evaluate the Crop insurance has been one of them are reliable and longest running programs for stabilization and risk management for farmers. (ii)To analyze the crop insurance schemes to the farmers and overall behavior of Respondents regarding agricultural crop insurance scheme. (iii)to examine the challenges faced by farmers (iv) to suggest measures for the development of farmers under this study. The study involves both primary and secondary data. The source material for secondary data was collected from websites, journals, and Internet. The primary data was distributed among the farmers who visit Public.

### PROFILE OF THE STUDY

Crop insurance is a means of protecting the agriculturist against financial losses due to uncertainties that may arise from crop failures/losses arising from named or all unforeseen perils beyond their control. **To provide financial support to the farmers** in the event of **failure of crops as a result of natural calamities**, a Comprehensive Crop Insurance Scheme (CCIS) was introduced in the country with effect from **Kharif, 1985**.The participation in the scheme was voluntary and the States were free to opt for the scheme. Crop insurance as a concept for risk management in agriculture has emerged in India since the turn of the twentieth century. From concept to implementation, it has evolved radically but continuously through the century and is still evolving in terms of scope, methodologies, and practices.

India is an agrarian country, where most of the population depends on agriculture for their livelihood. Yet, crop production in India is dependent largely on the weather and is severely impacted by its votaresses by attack of pests and diseases. These unpredictable and uncontrollable extraneous perils render Indian agricultural and extremely risky enterprise. It is here that crop insurance plays a pivotal role in anchoring a stable growth of the sector. Crop insurance is an arrangement aimed at mitigating the financial losses suffered by the farmers due to damage and destruction of their crops resulting from various production.

### FINDINGS

#### 1. LIKERT SCALE ANALYSIS

TABLE SHOWING THAT LEVEL OF AGREEMENT AND DISAGREEMENT OF CROP INSURANCE SCHEME

| FACTORS                    | NO OF RESPONDENT | LIKERT SCALE | TOTAL      |
|----------------------------|------------------|--------------|------------|
| Strongly Disagree          | 44               | 1            | 44         |
| Disagree                   | 22               | 2            | 44         |
| Agree                      | 44               | 1            | 44         |
| Neither agree nor disagree | 10               | 3            | 30         |
| <b>TOTAL</b>               | <b>120</b>       |              | <b>144</b> |

(Source: Primary Data)

#### INTERPRETATION

- The Likert Scale Value is 1.2 which is greater than the middle value of 1, so the respondents Are indicate the level of agreement and disagreement.
- The respondents showing that many of the factors are Agreeing in both agree and disagree of crop insurance scheme it helps to analyze the factors of crop insurance agreed or disagree are satisfied to farmers.



**TABLE SHOWING THAT LEVEL OF CROP INSURANCE WATER RELATED RISK**

| LEVEL                      | NO OF RESPONDENT | LIKERT SCALE | TOTAL      |
|----------------------------|------------------|--------------|------------|
| Strongly Disagree          | 53               | 1            | 53         |
| Disagree                   | 12               | 3            | 36         |
| Agree                      | 44               | 2            | 88         |
| Neither agree nor disagree | 3                | 4            | 12         |
| <b>TOTAL</b>               | <b>120</b>       |              | <b>144</b> |

(Source: Primary Data)

**INTERPRETATION**

- The Likert Scale Value is 1.58 which is lower than the middle value of 2, so the respondents showing that level of crop insurance at related risk.
- The respondents showing that the level of crop insurance provided to water related risk satisfaction level to the farmers.
- It analyses the level of crop insurance that related to water related risk provided .

**2. SIMPLE PERCENTAGE METHOD**

- Most 37% of the respondents are both agree and strongly disagree
- Most 42% of the respondents are slightly limiting the factors or ability to implement related crop insurance.
- Majority of the respondents 69% responded as no for kisan credit card scheme.
- Majority 17% of the respondents have not taken any loan but mostly 33% of the respondents have taken loan for paddy.
- Majority 60% of the respondents are aware about the government schemes and subsidies.
- Most 43% of the respondents are known through Tv and Radio.
- Majority 43% of the respondents are strongly disagreeing with the level of crop insurance scheme.
- Majority 62% of the respondents are preferring Public or Government Banks

**SUGGESTIONS**

- India is mainly based upon agriculture and it is our country backbone the agricultural department should take some action to improve agricultural activities and development by providing some credit facilities like loans, subsidies etc. to gain and improve the agriculture and government should take proper awareness in crop insurance and schemes and policy should be created.
- Most of the farmers are illiterate and don't understand the procedural and other requirements of farmer financial institutions.
- Gram panchayat should be accountable for admitting claim of insurance and disbursements of claims to farmers. It acts as an authorized institution to presenting the scheme. It also declared for disasters and losses.
- There is need of an agent at local level for helping the farmers for claiming loans and receiving indemnity payments.

**CONCLUSIONS**

In India since 1972 many crops insurance scheme has been launched in the country but they failed to influence the farmers and share the risk of farmers. Now days some farmers are committing suicide due to lack of risk management. Hence there is need of serious concern of his problem sharing the risk of farmers and protecting their crops against adverse weather and natural calamities. The premium rates are needed to cover pure risk, administrative cost and reasonable returns. Private sector insurer may also involve in crop insurance to broad coverage of farmers as well as improving viability in crop insurance. Insurance product at village level should be simple in design presenting so farmers easily understand.



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