

IMPACT OF AGRICULTURAL INSURANCE ON THE LIVELY HOOD OF FARMERS

A.RAVI PRAKASH REDDY

Research scholar

Department of economics

D.KRISHNA MURTHY

Professor

Department Of Economics.

Sri Venkateswara University. Tirupathi

Sri Venkateshwara University. Tirupathi.

ABSTRACT

Both the performance of the crop insurance scheme in the state and the performance of the scheme in the region need to be improved. Some areas and kinds of crops have benefited from the advantages brought about by these benefits. The main issue in the chosen region is a lack of minimum knowledge about the crop insurance schemes in any other part of the sample area, which is one of the important areas that need to be improved upon in the crop insurance scheme. Other sample areas. We are able to raise appropriate awareness about the crop insurance on technical aspects, particularly for farmers who do not have crop insurance, despite the fact that some loanee farmers in the study area already have this awareness. Mobile phones may be used to capture and transmit photographs of standing crops once or twice throughout the season for the purpose of verifying the crops that are owned on a particular piece of land. However, the technology that is currently available should not be able to provide insurers with tools such as crop health condition, area sown confirmation, and yield modeling. These factors are very important.

KEYWORDS: - *Agricultural , Insurance, Crop*

INTRODUCTION

Because agriculture is a subject that falls under the jurisdiction of the states, it is the obligation of the state governments to increase agricultural production and productivity, capitalise on unrealized potential, and boost the incomes of the farming community. Their efforts are bolstered by a plethora of programmes that are supported by the central government and run by the central sector. It is common knowledge that weather is a significant component in agricultural productivity; nevertheless, it is unfortunate that this aspect of production is difficult, if not impossible, to control. Agricultural production is prone to fluctuations due to its reliance on the weather and the inherent biological uncertainties that come with the management of crops; hence, agriculture has long been regarded as a high-risk endeavour. Agriculture and the activities that are closely related to agriculture are the primary sources of income for a significant portion of the world's rural poor people, the bulk of whom are located in India. Some people are directly dependent on agriculture for their income, while others are indirectly dependent on the industry.

India's current economic growth may be traced back in large part to the contributions made by its agricultural sector. Agriculture not only feeds a country but also employs its citizens, contributes raw materials to the market for manufactured goods, and brings in foreign currency. The expansion of a nation's agricultural sector is an essential component of the nation's overall economic growth. Although

agriculture's contribution to the world economy was relatively insignificant, it continues to play an important role in the lives of a great many people. 19% of the world's population was actively engaged in farming in 2012, yet agricultural and allied sectors produced only 2.8% of the overall income, according to reports from the World Bank.

Agriculture and other closely related industries were responsible for approximately half of India's total national GDP. The agriculture industry provided employment for close to 72 percent of the overall working population. In India, over two-thirds of the population relies on agriculture as their primary source of income to support themselves. Due to the fact that the vast majority of Indians make their homes in the country's rural areas, the agricultural sector will inevitably play a significant role in India's future economic growth. The percentage of the gross domestic product that is contributed by the agriculture sector has fallen from 26.2% in 2000-01 to 21.7% in 2005-06. In addition, the rate of increase has been erratic, going from 0% in the year 2000-01 to 5.9% in the year 2002-03, reaching 9.3% in the year 2003-04, and then falling back down to 0.6% in the year 2004-05. The primary reason for this is a fall in production, despite the fact that around 65.70% of the population relies on agriculture for their livelihood. Despite the fact that India's agricultural sector has been contributing less to GDP in recent years, this industry is still the country's primary driver of economic growth. This provides more evidence that the economy of India at the time of its independence was predominately agricultural in nature. The percentage of total national income contributed by agriculture has decreased from fifty percent in the years following the country's independence to eleven and a half percent in the most recent fiscal year. However, even in the modern day, the agricultural sector employs more than 70 percent of the labour force. To a greater or lesser extent, the expansion of other industries and the general economy is contingent, directly or indirectly, on the performance of the agricultural sector. As a consequence, the agriculture industry plays a preponderant part in the Indian economy.

1. Analysis of the Agricultural Sector's Performance in India

Historically, people have referred to India as the "Land of Agriculture." In spite of concerted efforts to industrialise the Indian economy over the past six decades, agriculture continues to hold a place of pride in the country. Agriculture is the economic foundation of India. As a consequence of this, the agricultural industry plays a significant role in the economy of the nation. It is possible to analyse it by taking into consideration factors such as the contribution of the agricultural sector to the national income, the employment pattern, the role of agriculture in the development of industries, and the contribution to resources of foreign exchange.

2. Agricultural sector's Contribution to the Total National Income

A country's national income can be thought of as the monetary value of the goods and services that were produced by the nation during a specific year. The phrase "gross domestic product" (GDP) or "gross national product" (GNP) is typically used to refer to a nation's source of income. The Gross Domestic Product (GDP) measures the monetary value of all the goods and services that are produced within an economy. The gross national product (GNP) is calculated by taking the GDP and adding on the net income from foreign sources. Both GDP and GNP can be calculated using either current or constant prices to determine their value. The true growth rate of an economy can be deduced from the prices of the national income. The rate of increase in the national income is one indicator of the state of the economy. When

compared to the contributions made by other sectors like industry and trade, the agricultural sector of India's economy makes a significantly larger contribution to the country's overall gross domestic product.

OBJECTIVES

1. To conduct research on the effects of agricultural insurance on the risk management practices of producers of food crops
2. To investigate how the crop insurance programmes in India and Andhra Pradesh are organized from a structural standpoint.

METHODOLOGY

In this particular study, a method of random sampling that involved multiple stages was utilized. In the first stage, on the basis of development parameters, four mandals were chosen at random from two revenue divisions in the Krishna district. In the second stage, two sample villages were selected from each sample mandal. In total, eight sample villages were identified and selected for the study. In the third and final stage, each village contained sixty samples, for a total of 480 samples.

Method of Data Collection

The analysis of both secondary and primary data sources served as the study's foundation. The majority of secondary data is gathered from various local gramme panchayatis, village records, books, journals, magazines, news publications, BDO and Economic Surveys, Reports, information from the web, records of the Directorate of Economic and Statistics Department, records of the kadapa district, annual reports of the Ministry of Rural Development New Delhi, and CESS Hyderabad, and production aspects and prices of a selected crop were taken from publications of cen.

A questionnaire survey was used to collect primary data from farmers in the chosen study area. The purpose of this survey was to gather information on important variables such as household size, cropping pattern, yield, income of the family, expenditures of the family, awareness about the crop insurance, affordability, problems in crop insurance, and risk pattern of households, etc.

Statistical Tools

The researcher used the appropriate statistical tools, such as percentages, averages, and ANOVAs, and diagrammatically represented the data wherever it was necessary to do so. This allowed for the analysis of the gathered data to be carried out in a methodical fashion.

DATA ANALYSIS

Socioeconomic profiles of the respondents who made up the samples

In this chapter, an attempt is made to analyse the socio-economic characteristics of all groups of farmers in the study area. In this connection, the socio-economic features of sample households have been presented with detailed analysis of all sections of the people that we have collected from the ground level survey of

the selected sample region. The area that was chosen for the sample in the Krishna delta has been separated into two parts for the sake of this study: the higher lands and the tail-end area.

- **Households:**

The primary data information regarding the various characteristics of the farm households of the respondents, such as the size of the family, the type of the family, and the age group of the members of the household can be found in the table given below as a table that provides more detail.

Table:1. Size of the Families in Each Household

Size group	Members	Percentage	Cumulative per cent
1 to 4	229	47.7	47.7
5 to 6	162	33.7	81.4
7 to 8	53	11	92.4
8 above	36	7.6	100
Total	480	100	

Source: Field Survey

It should be noted that the family size of more than 81 percent of the respondents ranges between one and six members, while the family size of the remaining 19 percent consists of seven or more members. As a result, the majority of the sample families have fewer than six members, which indicates that everyone must keep the small family with one or two children in order for it to be suitable for small families.

Table 5.2 classification of the family

Type of family	No. of farmers	Percentage	Cumulative percent
Joint	64	13.3	13.3
Nuclear	416	86.7	100
Total	480	100	

Source: Field Survey

The table shows that the traditional model of the joint family that was used in village economies has become obsolete. It can be seen very plainly that approximately 87% of the families are nuclear, whereas the joint families that are still present in the village economies make up only about 13% of the total households.

Table.3 The age bracket of the family's primary wage earner or breadwinner

Age group	No. of farmers	Percentage	Cumulative percent
18 to 30	46	9.6	9.6
31 to 45	235	49	58.6
46 to 60	121	25.2	83.8
61 above	78	16.2	100
Total	480	100	

Source: Field Survey

Only 9.6 percent of the households have members who are between the ages of 18 and 30 years old, followed by 49 percent of the respondents in the age range of 31 to 45 years, and nearly 25 percent of the households are between the ages of 46 and 60 years old, with the remaining 16 percent being in the group of people who are over 61 years old. These findings are presented in the table that can be found above. As a result, it was made abundantly clear that the vast majority of heads of households are discovered to be members of a relatively younger generation. Which is the working age, it may play a key role in the decisions that are made regarding agriculture.

Holding pattern on the land

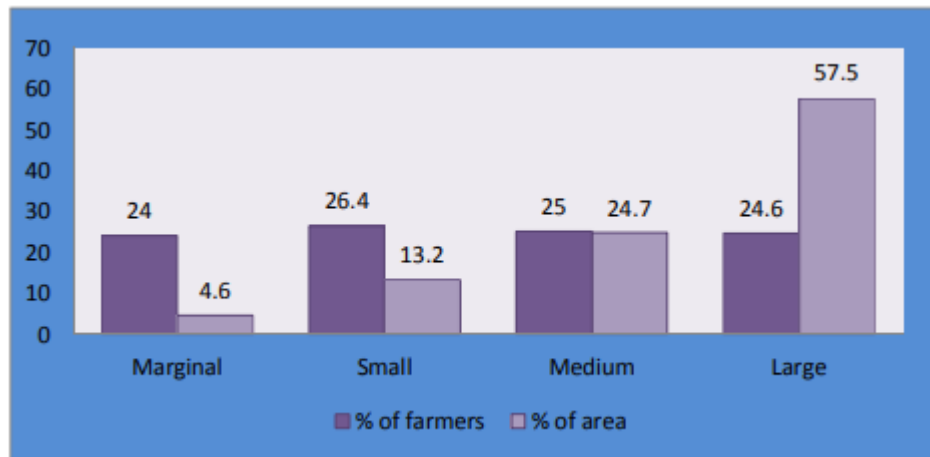
The table.1 represents the details on the operational land holding across different size of holding. We found that the marginal and small farmers comprised of nearly 50 per cent of the total farmers with a control on 18 per cent of the total land holdings (4.6 per cent of marginal holding and 13.2 per cent of small holding). And, 25 per cent of the medium farmers operate nearly 25 per cent of the holdings. Whereas, large farmers comprised of nearly 25 per cent, they operate substantial area of around 57.5 per cent.

Table .1 Land holdings in operation and specifics regarding the land

Size of holding	Total land holding	
	Number of farmers	Total acres
Marginal	115 (24)	175 (4.6)
Small	127 (26.4)	486 (13.2)
Medium	120 (25)	908 (24.7)
Large	118 (24.6)	2120 (57.5)
Total	480(100)	3689(100)

Source: As ex ante.

Figure.1 Specifics regarding the operational land holdings and the property itself



These facts demonstrate that there is a significant disparity in the manner in which land is distributed, as one half of the medium and large farmers control 82% of the total area, whereas the other half of the land is owned by marginal and small farmers, who have only 18% of the total land. When considering crop insurance, the specifics of a farmer's land holdings are extremely important. This is especially true for the small and marginal farmers, whose crop insurance premiums are subsidized. In addition, land serves as the necessary collateral when obtaining credit from institutional sources; as a result, crop insurance is essential.

CONCLUSION

Crop insurance should be viewed more as a social security measure than as a business enterprise with a motive to make a profit. Without a shadow of a doubt, the costs associated with fine tuning add up to a significant amount of money; however, these costs can be minimised using superior products. The Indian experience with private companies reveals that initially, some private companies were very optimistic about tapping the untapped market for crop insurance. This is shown by the Indian experience with private companies. As a result, it is the responsibility of the Government of India (GOI) and the State Governments to bring crop insurance schemes to the ground level through a variety of methods and different ways in order to reach the rural level. This is for the sake of the Indian farmer, who needs to protect both their crop and their income. According to the words of Cato, "If you're late in doing one thing in agriculture, you're late in all things in the life," (If you're late in doing one thing in agriculture, you're late in all things in the life). As a result, the Government of India came up with the slogan "we will protect our crop and farmer with the crop insurance with manual efforts" to express their intentions.

REFERENCES

1. Agricultural Census (2014): Agricultural Statistics Division, Department of Agriculture and Co-operation, Ministry of Agriculture: GOI: New Delhi.
2. Agricultural Census (1995-2006): Agricultural Statistics Division, Department of Agriculture, and Co-operation, Ministry of Agriculture, Government of India: New Delhi
3. Agricultural Insurance Company (AIC) (2008): Notification and Instructions to Nodal Banks for Implementation of NAIS: Regional Office, Hyderabad.

4. Agricultural Census (2000-01): Agricultural Statistics Division, Department of Agriculture and Co-operation, Ministry of Agriculture Government of India (GOI): New Delhi.
5. Antle, J.M. "Econometric Estimation of Producers' Risk Attitudes." *American Journal Agricultural Economics*, 69(August 1987):509-22. Arrow, K.J. *Essays in the Theory of Risk Bearing*. Amsterdam: North Holland, 1971
6. Ashokan M and R P Singh (1986): Risk Benefits; Crop Insurance and Day-land Agriculture, *Economic and Political Weekly (EPW)*: Volume: 21, No 25 and 26.
7. Ashsan, S. M, an Ali and J Kurian (1982): Toward a Theory of Agricultural Insurance, *American Journal of Agricultural Economics*, Volume: 64, No. 3.
8. Barah B C (1982): Regional Effects of National Stabilisation Policies: The Case of India Progress Report 37: ICRISAT Economics Program, India.
9. Birthal, P.S., A.K. Jha, M.M. Tiongco and C. Narrod (2008), "Improving Farm to Market Linkages through contract farming: A Case Study of Small Holder Dairying in India", IFPRI discussion paper 00814. Washington, D.C.
10. Binswanger H P (1993): Wealth: Weather Risk and the Composition and Profitability of Agricultural Investments: *The Economic Journal*, Volume 103, No 416.
11. Chopra S D (2004): Risk Management, in Ramaswami's et.al, (eds): *State of the Indian Farmers: A Millennium Study*, Volume 22.
12. Cole, Shawn, Jeremy Tobacman, and Petia Topalova. 2008. "Weather Insurance: Managing Risk through an Innovative Retail Derivative." Working Paper, Harvard Business School, Cambridge, Mass.; Oxford University, Oxford, U.K.; and the International Monetary Fund, Washington, D.C.
13. Gadgil, S P R Rao, (2002) Use of Climate Information: For Farm-Level decision making rain- fed Groundnut in Southern India, *Agricultural Systems*, Volume 74
14. Economic Survey (2007-08): Ministry of Finance, Government of India (GOI), New Delhi.