

A STUDY ON FARMERS SATISFACTION IN NATIONAL AGRICULTURAL INSURANCE SCHEME (NAIS), POLLACHI TALUK, COIMBATORE DISTRICT

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ABSTRACT

Indian economy is mainly an agrarian economy and its thriving relies on the advance of farming. India positions second worldwide in cultivate yield. It is the biggest maker in the realm of new organic product, coriander, tropical new natural product, jute, beats, flavors, millets, castor oil seed, sesame seeds, safflower seeds, lemons, limes, cow's drain, dry chillies and peppers, cashew nuts, ginger, turmeric guavas, mangoes, goat drain and wild ox drain. It is additionally the biggest maker of millets like JowarBajra and Ragi. India is the sixth biggest espresso maker on the planet. It is the second biggest maker of cashews, cabbages, cotton seed and build up, crisp vegetables, garlic, cardamom, onions, wheat, rice, sugarcane, dry beans, groundnut, tea, green peas, cauliflowers, potatoes, pumpkins, squashes and gourds. It is the third biggest maker of sorghum, rapeseed, coconuts, and tomatoes.

1. INTRODUCTION

India gives item particular residential help as Minimum Support Price. There is additionally non-item particular help gave as either free or financed composts, seeds, water, power and credit. The money related emotionally supportive networks like agrarian endowments, rural credit, and harvest protection were acquainted in India all together with increment the farming creation and efficiency.

Agribusiness creation and ranch wages in India are oftentimes influenced by cataclysmic events, for example, dry seasons, surges, violent winds, tempests, avalanches and seismic tremors. With an Earth-wide temperature boost now turning into a lasting apparatus in the Indian agribusiness scene, State Governments and protection firms are racing to give trim protection to ranchers. All the horticulture designs, ventures and plans are subjected to yield dangers. As these are very tried and true to climate, rainstorm, precipitation and other common catastrophes, the measure of hazard is eccentric. In India the majority of the agriculturists don't have the mindfulness about the horticultural protection designs and plans gave by the Government in moderating misfortunes emerging out of agribusiness. On the off chance that there is any misfortune because of characteristic cataclysms, they request just the discounting the horticulture credit profited. They don't benefit the relieving systems, which are promptly accessible to shield them from unforeseen misfortunes.

The gigantic strain to deliver more sustenance from less land with contracting regular assets is an extreme undertaking for the ranchers. To keep up the force of development a watchful financial assessment of information sources like seeds, composts, water system sources and so on are of impressive significance. Considering the water system needs in Indian farming, accentuation is to be given to advance the demonstrated cost-lessening small scale water system innovation of dribbles water system which enables save to water decreases compost inputs and guarantees higher efficiency. Rancher mindfulness programs combined with sponsorship impetus may demonstrate accommodating systems. The supportable technique for water system should be promoted. Indian horticulture needs to end up plainly more practical to address the developing difficulties. For this, future development of horticulture must be yield based. Improvement of framework is basic to help this development. The rural credit framework in Indian horticulture has been instrumental in upgrading generation and promoting of ranch creates and invigorating capital arrangement in agribusiness. Credit for Indian agribusiness needs to extend at a speedier rate than at any other time due to the need to venture up rural development to meet out the developing household request and to create surplus for trades.

Sponsorship are among the most intense instrument for adjusting the development rate of creation. Among the horticultural creation motivations sponsorships are thought to be the most intense instrument for conglomerating the development of agrarian generation. The arrangement of info appropriations in horticulture has been suggested on the ground that it offers impetuses to the ranchers to utilize new innovation and increment generation. Any new innovation will be viewed as being unsafe by agriculturists. Appropriations were, in this way, expected to urge agriculturists to test the new innovation. Different examines found that these money related emotionally supportive network did not profit an expansive number of ranchers both in their outline and in their execution. Against this back ground, the present investigation is an unobtrusive attempt to feature the familiarity with ranchers on the agrarian monetary emotionally supportive networks like harvest protection, edit credit and horticultural appropriations.

2 AGRICULTURAL INSURANCE

Farming protection is viewed as a vital system to successfully deliver the hazard to yield and wage coming about because of different common and man-made occasions. Farming Insurance is a method for ensuring the agriculturist against money related misfortunes because of vulnerabilities that may cause agrarian misfortunes emerging from named or every single unexpected risk outside their ability to control. Tragically, rural protection in the nation has secured just around one fifth of the aggregate homestead property, despite the fact that the need to shield Indian ranchers from agribusiness fluctuation has been a proceeding with worry of horticulture strategy.

Horticulture Insurance Company of India Ltd (AICI) is the biggest agri-insurance agency in India giving protection cover to a great many composers in the nation. Prevalently known as AIC, this organization was set up in first April, 2003 by the Government of India. AIC offers zone based and climate based harvest protection programs in around 500 locale of India and covers very nearly 20 million agriculturists, making it one of the greatest yield back up plans on the planet.

National Agricultural Insurance Scheme (NAIS) In India, an all-hazard Comprehensive Crop Insurance Scheme (CCIS) for significant products was presented in 1985. It was in this manner supplanted by the National Agricultural Insurance Scheme (NAIS) with impact from 1999-2000. AIC has assumed control over the usage of the National Agricultural Insurance Scheme which was already being actualized by General Insurance Corporation of India. NAIS is one of the biggest protection anticipates ranchers on the planet. The protest of the plan is to give protection scope and monetary help to the ranchers in case of disappointment of any of the informed product because of regular catastrophes, irritations and infections, to urge the agriculturists to receive dynamic cultivating hones, high incentive in-puts and higher innovation in horticulture and to help balance out homestead wages, especially in a fiasco years.

The Scheme kept on giving protection scope against trim disappointment because of characteristic disasters, vermin and sicknesses. Presented in the Rabi period of 1999-00, the NAIC has secured 13.46 crore agriculturists till Rabi 2008-09, of which a little more than 25%, or 3.60 crore ranchers, have profited. Amid this period, cases to the tune of Rs.11,607crore have been settled profiting a sum of 302 lakh agriculturists (end-31 March 2008). It has canvassed 25 million ranchers in 2009-10 and the aggregate total guaranteed is Rs 42,000 crore.

3. AGRICULTURAL INSURANCE IN INDIA

The agricultural insurance cover for farmers taking crop loans is significantly low in India, even though it is compulsory for banks to extend the cover to loanee farmers under the National Agriculture Insurance Scheme. One reason, for the low coverage of loanee farmers, is the exclusion of certain crops from the scheme. However, that exclusion of crops cannot be the sole reason for the limited coverage. The lack of awareness about the scheme is also a reason for its low penetration. According to the findings of National Sample Survey, less than 10 per cent of the country's farmers are aware of the crop insurance policy.

Table 1 Farmers Taking Crop Insurance Under NAIS

Year	No. of Farmers (million)	As % of total Indian Farmers
2016-17	19.1	12
2015-16	16.5	14
2014-15	16.2	13
2013-14	17.1	13

2012-13	12.4	10
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Source: AIC Annual Reports

According to data from the AIC, the implementing agency for the central scheme, only about 40-50 per cent of the loanee farmers get the crop insurance cover from banks. While the insurance coverage by private sector banks is negligible, that by public sector banks is also significantly low at 10-15 per cent. The rate of coverage is however higher at 70 per cent in case of cooperative banks and regional rural banks. Only about 30 per cent of the farmers in India receive institutional credit while about 20 per cent of the total farmer population is covered under agriculture insurance scheme.

4 FEATURES OF THE SCHEME

- Available to all ranchers
- Optional for non-loanee ranchers
- Compulsory for loanee ranchers
- Coverage of all products
- Premium rate of different seasons (bajara-3.5%, kharif-2.5%, wheat-1.5%, other rabi crops-2%)
- All common dangers are secured
- Small and minimal agriculturists are given sponsorship of half of premium
- Gram panchayat has chosen to embrace new strategies to actualize NAIS
- Sum guaranteed might be the estimation of the limit yield of the harvest and may likewise stretch out to 150% of the normal yield
- Central government is the approach making specialist for the plan
- General protection organization is the executing office

BENEFITS OF THE SCHEME

- Provides protection scope and money related help
- Encourages the ranchers to embrace dynamic cultivating hones high esteem information sources and high innovation
- Helps to settle cultivate pay
- A basic instrument of improvement in the field of harvest creation
- Helps in keeping up stream of horticultural credit
- Streamlines misfortune evaluation methods and aides in working up colossal and exact factual base for edit generation
- Provides huge advantages not simply to the protected ranchers, but rather to the whole group straightforwardly and in a roundabout way through overflow and multiplier impacts in wording marinating creation and work, age of market expenses, charges and so forth., and net gradual addition to monetary development.

5 AGRICULTURAL CREDIT SYSTEM IN INDIA

Agrarian credit in India is dispensed through a multi-organization arrange containing Commercial Banks (CBs), Regional Rural Banks (RRBs) and Cooperatives. With their huge system (covering all towns in the nation), wide scope and effort stretching out to the remotest parts of the nation, the Cooperative Credit Institutions, both in short and long haul structure, are the fundamental institutional office for the agreement of farming credit.

There are 1,06,384 Primary Agricultural Credit Societies (PACS), 370 District Central Cooperative Banks (DCCBs) with 12,991 branches and 30 State Cooperative Banks (SCBs) with 962 branches giving essentially short-and medium-term rural credit in the nation. The long haul agreeable structure comprises of 19 State Cooperative Agriculture and Rural Development Banks (SCARDBs) with 2,430 operational units, including 626 branches and 506 Primary Agricultural and Rural Development Banks, with 1,283 branches.

6 IMPORTANCE OF AGRICULTURAL CREDIT

The tremendous strain to deliver more nourishment from less land with contracting normal assets is an extreme errand for the ranchers. To keep up the energy of development a cautious financial assessment of data sources like seeds, manures, water system sources and so forth are of extensive significance. Considering the water system needs in Indian horticulture, accentuation is to be given to advance the demonstrated cost-decreasing smaller scale water system innovation of trickles water system which enables moderate to water diminishes manure inputs and guarantees higher efficiency. Agriculturist mindfulness programs combined with endowment motivating force may demonstrate accommodating methodologies. The manageable technique for water system should be advanced.

Indian farming needs to wind up plainly more financially savvy to address the developing difficulties. For this, future development of farming must be yield based. Advancement of framework is basic to help this development. The agrarian credit framework in Indian agribusiness has been instrumental in improving creation and showcasing of homestead delivers and invigorating capital development in farming. Credit for Indian farming needs to extend at a speedier rate than at any other time in light of the need to venture up rural development to meet out the developing local request and to produce surplus for sends out.

Table 2: Season-wise details of farmers covered, the area covered, sum insured, and insurance charges under NAIS from 2007-2008 to 2016-2017

Seasons	Farmers Covered	Area in Hectares	Rs in Crore Sum Insured	Premium	Subsidy	Total Claims
Rabi 2007-2008	579940	780569	356.41	5.42	1.66	7.69
Kharif 2008	8409374	13219828	6903.38	206.74	47.40	1222.48
Rabi 2008-09	2091733	3111423	1602.68	27.79	8.23	59.49
Kharif 2009	8696587	12887710	7502.46	261.62	47.62	493.53
Rabi 2009-10	1955431	3145873	1497.51	30.15	7.79	64.66
Kharif 2010	9768711	15532349	9431.69	325.47	44.86	1824.31
Rabi 2010-11	2326811	4037824	1837.55	38.50	6.73	188.55
Kharif 2011	7970830	12355514	8114.13	283.33	24.44	652.68
Rabi 2011-12	4421287	6468663	3049.49	64.06	6.24	497.06
Kharif 2012	12687104	24273394	13170.62	458.94	20.09	1038.16
Rabi 2012-13	3531045	5343244	3774.21	75.85	4.12	160.59
Kharif 2013	12673833	20531038	13519.10	449.95	20.44	1059.94
Rabi 2013-14	4048524	7218417	5071.66	104.82	5.23	338.30
Kharif 2014	12934050	19672929	14759.25	467.29	26.55	1774.91
Rabi 2014-15	4977980	7632882	6542.21	142.88	7.97	515.96
Kharif 2015	13398561	20754384	17007.56	524.31	26.65	913.37
Rabi 2015-16	5044016	7387156	7466.63	158.71	14.69	810.71
Kharif 2016	12983876	17693192	15658.32	511.66	34.10	2373.78
Rabi 2016-17	6175771	8820465	11029.45	290.39	69.72	1489.81
Kharif 2017	17642349	25673016	26492.69	832.70	50.49	144.78*
Total	152317813	236539871	174786.99	5260.59	475.04	15630.77

*Provisional

7 DIRECT AND INDIRECT AGRICULTURAL FINANCE

Indirect agricultural finance refers to loans given to institutions that support agricultural production, such as input dealers, irrigation equipment suppliers and Non-Banking Financial Companies (NBFCs) that on-lend to

agriculture. Direct agricultural finance refers to loans given directly to farmers.

POLICY INITIATIVES FOR INCREASING THE FLOW OF AGRICULTURAL CREDIT IN INDIA

- Banks have been advised to simplify the procedure for documentation required to secure agricultural loans.
- To improve outreach among the poor and the informal sector, the SHG-bank linkage programme was intensified. Banks have also been advised to finance Joint Liability Groups and Tenant Farmers Groups.
- As part of the measure announced by the reserve bank of India (RBI) for financial inclusion, banks have been advised to open 'No Frills' accounts and issue simple overdraft facilities against such accounts. Banks have also been advised to issue General Credit Cards with limits up to Rs.25, 000 without insisting on security and end use of funds.
- Banks have been advised to undertake, on a pilot basis, 100 per cent financial inclusion in at least one district in each state. Based on the success of the pilot, the State-Level Bankers Committee in the states will draw a time-bound plan for achieving 100 per cent financial inclusion in other districts of the states.

TABLE 3

DIRECT INSTITUTIONAL CREDIT FOR AGRICULTURE AND ALLIED ACTIVITIES - TOTAL (SHORT-TERM AND LONG-TERM) (₹ CRORE)

Year	Loans Issued			Loans Outstanding		
	Cooperatives	SCBs	RRBs	Cooperatives	SCBs	RRBs
2012-13	48123	80599	15300	82327	135603	21510
2013-14	54019	115266	20228	89443	169018	27452
2014-15	57643	113472	23838	65666	202796	33216
2015-16	58787	160690	26499	64045	256119	37367
2016-17	74938	-	34640	76480	-	46282

Source: RBI and NABARD; SCBs: Scheduled Commercial Banks. RRBs: Regional Rural Banks.

HIGHLIGHTS OF UNION BUDGET 2011-12 ON AGRICULTURAL CREDIT

Farm credit target has been brought from 3,75,000 crore up in 2015-16. to 4,75,000 crore in 2016-2017. Guide loaning for horticulture and credit to be improved for little and minor ranchers.

- Interest subvention for opportune reimbursement of advances upgraded from 2 for every penny amid 2016-15 to 3 for every penny amid 2014-15 making the viable rate of enthusiasm at 4 for each penny.
- NABARD's capital base to be expanded from 2,000 crore to 5,000 crore in a staged way.
- 10,000 crore to be added to NABARD's fleeting Rural credit finance from the setback in need division loaning by Scheduled Commercial Banks amid 2016-17 for empowering NABARD to renegotiate here and now edit advances to co-agent credit foundations and RRBs at concessional rates.
- The corpus of RIDF XVII raised from 16,000 crore to 18,000 crore.

Table 4 Indirect Institutional Credit For Agriculture And Allied Activities (₹ Crore)

Year	Loans Issued				Loans Outstanding			
	Co-operatives	SCBs	RRBs	REC	Co-operatives	SCBs	RRBs	REC
2016-17	122067	27751	-	7489	119932	57175	-	24564
2015-16	135740	38766	-	10733	136392	82564	-	31262
2014-15	145778	40278	-	12953	147982	93443	-	38615
2013-14	-	73721	-	17157	-	110702	-	50653
2012-13	-	-	-	21132	-	145554	-	65979
2011-12	-	-	-	24519	-	-	-	81725

Source: RBI, NABARD and REC; SCBs: Scheduled Commercial Banks. RRBs: Regional Rural Banks; REC: Rural Electrification Corporation Ltd.

The interest for agrarian credit emerges because of i) absence of concurrence between the acknowledgment of wage and demonstration of consumption; ii) unevenness of interest in settled capital development; and iii) stochastic surges in capital needs and sparing that go with mechanical advancements. Credit, as one of the basic non-arrive inputs, has two-measurements from the perspective of its commitment to the enlargement of farming development viz., accessibility of credit (the quantum) and the circulation of credit.

8 RATE OF INTEREST ON AGRICULTURAL LOAN

From Kharif 2014-15, agriculturists are accepting yield credits up to a chief measure of Rs. 3 lakh at a 7 for every penny rate of intrigue. Extra subvention of 1 for each penny will be paid from this year, as a motivator to those agriculturists who reimburse here and now trim advances on plan, bringing about cutting down the rate important to six for each penny for every annum.

Table 5 Share of agricultural credit from bank branches classified by population groups in india from 2010-2017 per cent)

Year	Share of total agricultural credit (in %) supplied through				
	Rural plus Semi-urban branches	Only rural branches	Urban plus metropolitan branches	Only metropolitan branches	All branches
2010	85.1	55.5	14.9	4.0	100.0
2011	83.4	54.6	16.6	5.6	100.0
2012	83.7	52.7	16.3	7.3	100.0
2014	69.3	43.0	30.7	19.0	100.0
2016	62.4	37.1	37.6	23.8	100.0
2017	66.0	38.4	34.0	20.0	100.0

Source: Calculated from Basic Statistical Returns of Scheduled Commercial Banks.

CREDIT CARD SCHEME

Kisan Credit Card (KCC) scheme presented in 1998-99 has likewise facilitated the stream of credit to ranchers. Responsibility for KCC empowers endorsing of advances for the short, medium, and long haul, and a sensible part of utilization credit inside as far as possible authorized to the borrowers. Amid 2010-11, 7.26 million KCC were issued by manages an account with authorized credit farthest point of 43,370 crore as against 9.01 million cards and credit breaking points of 34,982 crore amid 2009-10. Of the combined 100.93 million Visas issued, as at end-March 2011, 45.03 million cards (44.62%) were issued by business banks, trailed by 40.70 million cards (40.33%) by co-agent banks and 15.20 million cards (15.05%) by Regional Rural Banks. Banks have been encouraged to give dynamic KCCs to all qualified and willing agriculturists in a period bound way.

Table 6 Agency-Wise, Year -Wise Kisan Credit Cards Issued (In Million)

Year	Co-operative Banks	RRBs	Commercial Banks	Total
2010-11	2.29	1.41	4.81	8.51
2011-12	2.09	1.77	4.61	8.47
2013-12	1.34	1.41	5.83	8.59
2014-15	1.74	1.95	5.31	9.01
2015-16	2.81	1.78	2.67*	7.26
Cumulative #	40.70	15.20	45.03	100.93

Source: NABARD; * - Data for commercial banks available up to 30 June 2010;

- Since inception of the Scheme, i.e., August 1998.

9 AGRICULTURAL SUBSIDIES

Rural endowment is an administrative appropriation paid to ranchers and agribusinesses to supplement their pay, deal with the supply of agrarian products, and impact the cost and supply of such items. Cases of such items incorporate wheat, nourish grains (grain utilized as feed, for example, maize or corn, sorghum, grain, and oats), cotton, drain, rice, peanuts, sugar, tobacco, and oilseeds, for example, soybeans.

Table 7 Fertiliser Subsidies And Food Subsidies Account For Almost 90 PerCent Of Agricultural Subsidy

	2009	2016	Percentage Change
Total Subsidy	12158 crore	129243 crore	10.6 time increase
Fertiliser Subsidy	4389 crore	75849 crore	17 times increase
Food Subsidy	2450 crore	43627 core	18 times increase

**TABLE 8
SUBSIDIES IN AGRICULTURE SECTOR (AT CURRENT PRICES)**

Rs. Crore

S. No	Item	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
1	Fertiliser (Total)	15879	18460	26222	32490	76603	52980
	1.1 Indeginous Fertiliser	10243	10653	12650	12950	17969	14080
	1.2 Imported Fertiliser	494	1211	3274	6606	10079	3948
	1.3 Concession to farmers	5142	6596	10298	12934	48555	34952
2	Irrigation	12290	14280	16978	19457	23665	NA
3	Other subsidies given to marginal farmers and Farmers Cooperative societies in the form of seeds, development of oil seeds, pulses, cotton, rice, maize and cropinsurance schemes price support schemes, etc	3640	5647	4964	15100	33160	NA
	Total Subsidies (1+2+3)	31809	38387	47964	67047	133428	NA
4	Electricity	17977	19431	19729	20661	27489	NA
5	Food Subsidy	25798	23077	24014	31328	43751	56002

Source : Central Statistical Organisation, New Delhi.

Prominent Agriculture Subsidies in India

- Food
- Fertilizer (1996-67 basically for import substitution (NPK) and push fertilizer consumption)
- Irrigation (Hugh investments, Hydel power generation and Flood control)
- Power Subsidy
- Crop insurance (Mainly when you take a crop loan)
- Subsidized Priority lending (NABARD, PSU banks, RRBs)
- Minimum Support Pricing (1964 LK Jha Committee)
- Subsidized Inputs and
- Welfare schemes under rural development.

Subsidies benefit only the large and medium farmers and did not encourage indigenous inputs like organic manures.

10 STATEMENT OF THE PROBLEM

Farming is the foundation of India which is fundamentally a horticultural nation. Horticulture is the expansive segment of the monetary action and has a vital part to play in the nation's financial advancement by giving nourishment and crude materials, work to an extensive extent of populace, capital for its own particular improvement and surplus for national financial advancement. Here, the thriving of our economy relies upon the success of agribusiness.

Yet, absence of money related help and yield misfortunes because of common cataclysms are the real imperatives in Indian agribusiness. In spite of the fact that the Central Government has made different strategy activities in tending to these issues, the issues still persist. Despite the monetary help is given to the agriculturists through planned business banks, co-agent banks, local rustic banks and different establishments has expanded throughout the years, the ranchers are not free from the issue of lacking fund. This suggests the arrangement for cultivate credit in India isn't adequate. The customs and systems in benefiting ranch credit likewise not encouraging its simple availment to rustic agriculturists. Absence of familiarity with ranchers is likewise assuming a noteworthy part in farming credit.

Money and non-money sponsorships gave by the Government have likewise been expanded throughout the years to upgrade cultivate generation. Absence of familiarity with agriculturists and bungle by actualizing organizations, are the real shades of malice ceasing these sponsorship advantages to be benefited by the ranchers. Lately, expanding an Earth-wide temperature boost and environmental change straightforwardly influences rural generation. This regularly brings about immense yield misfortunes and harms. Despite the fact that an extensive National Agricultural Insurance Scheme was presented in India, the greater part of the ranchers are not utilizing this office and even they don't mindful of this office.

Against this foundation, the present examination has been attempted to discover the responses to the accompanying inquiries.

1. What is the mindfulness and desire level of ranchers about yield protection?
2. What is the mindfulness and fulfillment level, of agriculturists about product advance? What are the elements impacting them to benefit edit advance? What are the issues looked by them in benefiting crop credit?
3. What is the mindfulness and fulfillment level, of ranchers about horticultural endowments? What are the components impacting them to benefit agrarian endowments? What are the issues looked by them in profiting rural endowments?

11 REVIEW OF LITERATURE

In any social study like this, it is necessary to review the available previous studies and literature to frame objectives, hypotheses and methodology. By considering this, the following are brief details about the reviews relating to the present study.

Bhende¹(1992) found that a property designed and implemented crop insurance programme will protect the numerous vulnerable small and marginal farmers from hardship, bring in stability in the farm incomes and increases the farm production.

Babcock et al.²(2004) conducted a study on actuarial fairness of crop insurance rates with constant rate relativities. Increased availability and demand for low deductible crop insurance policies have increased focus on crop insurance rating methods. Actuarial fairness cannot be achieved if constant multiplicative factors used to determine how premiums change as coverage level increases. A comparison at premium rate generated by the factors used by the two most popular crop insurance products with those generated by a standard yield distribution shows that the popular insurance products over charge for low deductible policies in most countries suggested that this overpricing may explain why large premium subsidies were required to induce farmers to move from low-deductible to high-deductible policies beginning in 2001.

Barry et al.³(2004) studied an empirical analysis of acreage effects of participation in the lateral crop insurance programme. They considered multi-equation structural models of acreage response, insurance participation, CRP enrollment and input usage. This analysis focuses on corn and soybean production in the corn belt and wheat and barley production in the upper great plains, the results confirm that increased participation in insurance programmes provokes statistically significant acreage responses in some cases, though the response is very modest in every case. A number of policy simulations involving increases in premium subsidies are considered.

¹ Bhede, "An Analysis of crop Insurance Scheme in Karnataka, Bangalore", Agricultural Development and Rural Transformation unit, Institute for Social and Economic change (ISEC), 1992.

² Babcock, B.A., Hart, C.E. And Hayees, D.J. "Acturial fairness of crop insurance rates with constant rate relativities". *American Journal of Agricultural Economics*, vol-86,no-3:563-575,2004.

³ Baryy, K.G., Vandever, M.L. AND DEAL, J.L., "An empirical analysis of acreage effects of participation in the federal crop insurance programme". *American Journal of Agricultural Economics*, 86 (4) : 1058-1077,2004.

Clover and Nieuwoudt⁴(2003) conducted an economic evaluation of area yield insurance for small sale cane growers. In this study, principles of area yield insurance were applied to yield data on small scale cane growers in Kwazulu-Natal and used to calculate pure premium rates. The viability of a government subsidized area yield insurance scheme for small scale cane growers was assessed in terms of affordability to the government, the farmers and private insurance companies. The empirical results obtained from this study indicate that such a scheme may pose great expense to the government and as a result may not be viable in South Africa, and this topic needs further study, while other risk management strategies should also be considered.

James Hanson et al.⁵(2004) conducted a study on risk and risk management in organic agriculture views of organic farmers. In a series of focus groups during 2001 and 2002, organic farmers from different regions of United States identified a wide range of risks to their operations. The focus groups were facilitated by the university of Maryland in cooperation with a research team to explore the risks faced by organic farmers, how they are managed and needs for risk management assistance. Contamination of organic production from genetically modified organisms was seen as a major risk, particularly by grain, soybean and cotton farmers. Focus group participants producing grains and cotton were knew about and had obtained crop insurance but most fruit and vegetable producers participating in the focus groups had little knowledge of crop insurance.

Sherrick et al.⁶(2004) conducted a study on crop insurance valuation under alternative yield distributions, the results of this study demonstrate that large differences in expected payouts from popular crop insurance products can arise solely from the parameterization chooses to represent yield distributions. The results suggest that the frequently unexamined yield distribution specification may lead to economically significant errors in crop insurance policy rating and assessment of expected payouts from policies.

Bhede⁷(2005) found that income of the farm households from semi-arid tropics engaged predominantly in rain-fed fanning was positively associated with the level of risk. Hence, the availability of formal instrument for diffusion of risk like crop insurance will facilitate fanners to adopt risky but remunerative technology and farm activities resulting in increased income.

Roderick et al.⁸(2005) conducted study on share tenancy, ownership structure and prevented planting claims in crop insurance. A conceptual model based on opportunity cost and expected utility principles establishes linkages between the likelihood of prevented planting claims in crop insurance and existing share leasing arrangements/internal farm business structures. Results of heterostedastic probit estimation procedures indicate that simpler internal business structures and more dominant tenant leasing position can increase the probability of submitting a prevented planting claim.

Raju and Chand⁹(2007)found that according to the National Agriculture policy 2000 "Despite technological and economic advancements, the conditions of fanners continues to the unstable due to natural calamities and price fluctuations". In some extreme cases, these unfavourable events become one of the factors leading to farmers' suicides which are now assuring serious proportions.

12 SCOPE OF THE STUDY

This study is primary undertaken to examine the farmers awareness on crop insurance, crop loan and agricultural subsidies in Pollachi Taluk. The study also extends to analyse the farmers expectation on crop insurance, satisfaction

⁴ Clover, T.A. and Nieuwoudt, W.L., "An economic evaluation of area yield insurance for small scale cane growers". *Development Southern Africa*, 20 (2) : 293-305, 2003.

⁵ James Hanson, Robert Dismukes, William Chambers, Catherine Greene, Amy Kreman", Risk and risk management in organic agriculture : views of organic farmers, renewable agriculture and food systems", vol-19, 4:218-227, 2004.

⁶ Sherick, B.J., Barry, P.J., Ellinger, P.N. and Schnitkey, G.D., "Factors influencing farmer's crop insurance decisions". *American Journal of Agricultural Economics*, vol-86, no-1:103-114, 2004.

⁷ Bhede, M.J., "Agricultural Insurance in India : Problems and Prospects", Department of Economic analysis and Research National Bank for Agriculture and Rural Development occasional paper-44, 2005.

⁸ Rodrick, M.R., Cesar, L.E. and Ashley, C.L., "Share tenancy, ownership structure and prevented planting claims in crop insurance". *American Journal of Agricultural Economics*, vol-87, no-1:180-193, 2005.

⁹ Agriculture insurance corporation, "Agricultural Statistics Division, Department of Agriculture and Co-operation", Ministry of Agriculture, GOI, New Delhi, 2007.

and problems on crop loan and agricultural subsidies in the study area.

13 OBJECTIVES OF THE STUDY

The present study is undertaken with the following specific objectives.

- To study the awareness and expectations of farmers towards the crop insurance.
- To study the awareness and satisfaction of farmers on crop loan and factors influencing the farmers to prefer crop loan and problems faced by them in getting crop loan.
- To study the awareness and satisfaction of farmers on agricultural subsidies and factors influencing the farmers to prefer agricultural subsidies and problems faced by them in getting agricultural subsidies.

14 HYPOTHESES OF THE STUDY

The following hypotheses are formulated by considering the objectives of the study, discussions and deliberations with field expert and from other research studies. These hypotheses are subjected to appropriate statistical tests.

Ho₁: There is no significant association between socio economic characteristics of the sample respondents (Age, Gender, Marital status, Educational qualification, Number of members in your family, Nature of family, Experience in farming, Annual income, Annual expenditure, size of land holding, Type of land) and their level of awareness on benefits of NAIS.

Ho₂: There is no significant association between socio economic characteristics of the sample respondents and their level of awareness on features of NAIS.

Ho₃: There is no significant association between socio economic characteristics of the sample respondents and their level of awareness on crop insurance in general.

Ho₄: There is no significant association between socio economic characteristics of the sample respondents and their level of expectation of the farmers to strengthen crop insurance.

Ho₅: There is no significant association between socio economic characteristics of the sample respondents and their level of awareness on crop loan amount and loan period for various crops.

Ho₆: There is no significant association between socio economic characteristics of the sample respondents and their level of awareness on crop insurance on crop insurance in general.

Ho₇: There is no significant association between socio economic characteristics of the sample respondents and their level of satisfaction on crop loan.

Ho₈: There is no significant association between socio economic characteristics of the sample respondents and their level of awareness on Government subsidy schemes.

Ho₉: There is no significant association between socio economic characteristics of the sample respondents and their level of awareness on cash subsidies and non-cash subsidies.

Ho₁₀: There is no significant association between socio economic characteristics of the sample respondents and their level of awareness on crop land limit and amount.

Ho₁₁: There is no significant association between socio economic characteristics of the sample respondents and their level of awareness on agricultural subsidies in general.

Ho₁₂: There is no significant association between socio economic characteristics of the sample respondents and their level of satisfaction on agricultural subsidies.

The statistical significance of these hypotheses has been tested with the help of Chi-Square test, 'F' test and 'z' test at 5% level of significance.

15 METHODOLOGY - DATA

The present study intends to examine the issues framed in the objectives and hypotheses in the context of the awareness of farmers on crop insurance, crop loan and agricultural subsidies. The study is an empirical research based on the survey method. The data collected includes both primary and secondary data.

The primary data were collected by interviewing the respondents with the help of pre-tested schedule. First, a pilot study was conducted with a sample of 25 respondents. While piloting the schedule, some questions were added and some modifications were made and followed by redrafting of the schedule in its final form. The primary data have been collected through the survey method by direct personal interview with 100 sample respondents.

The secondary data based on the second hand information have been collected from the various Journals, Magazines and Websites such as Agricultural Situation in India, Financing Agriculture, Kisan World etc.,

16 SAMPLING DESIGN

The sample size of the study is taken as 100. Pollachi Taluk in Coimbatore District has been purposively selected for the study. Pollachi Taluk has Fours block namely Pollachi North, Pollachi South, Kinathukadavu and Anaimalai. To constitute the total sample size, 40 respondents from Pollachi block has been taken by considering its huge contribution to agriculture interms of cultivable land and 40 respondents each selected from the remaining two blocks

i.e Pollachi North and Pollachi South. All the farmers who availed either crop loan, crop insurance or agricultural subsidies are considered as universe of the study. The convenience sampling technique has been employed to select the respondents for this study.

17 STATISTICAL TOOLS USED

The following tools are being employed for data analysis and interpretation.

- Simple Percentage Method
- Garrett's Ranking Technique
- Chi-square Analysis
- Mean

18 OPERATIONAL DEFINITIONS

Marginal Farmers

The term marginal farmers used in this study denote the farmer who holds less than 2.5 acres of land.

Small Farmers

The term small farmers used in this study denotes the farmer who holds above 5 acres of land.

Large Farmers

The term large farmers used in this study denotes the farmer who holds above 5 acres of land.

Size of Land Holding

This term size of land holding refers to the area of cultivated land managed by and operated by the respondents plays any area under cultivation held by him or lease or tenancy.

Crop Insurance

Crop insurance is purchased by farmers to protect themselves against crop failures due to natural disasters, such as floods, hail, and drought. Crop insurance may be subsidized by the government.

Crop loan

Crop loan is a short term advance which is given by commercial banks and co-operative banks who deals in financial sector. This loan is available for purchasing of inputs such as improved seeds, fertilizers.

Agricultural Subsidy

An agricultural subsidy is a governmental subsidy paid to farmers and agri businesses to supplement their income, manage the supply of agricultural commodities and influence the cost and supply of such commodities.

19 AREA OF THE STUDY

The study was confined to Pollachi Taluk.

20 PERIOD OF STUDY

The study was conducted during the period February 2017 to February 2018.

21 LIMITATIONS OF THE STUDY

Inspite of all possible efforts to make the analysis more comprehensive and scientific, a study of the present kind is bound to have certain limitations, they are,

- ❖ This study is based on the information from 100 sample farmer respondents only.
- ❖ Since the respondents have not maintained detailed record of their income and expenditure, the information furnished by them may not be very accurate.
- ❖ The study area is confined to only Pollachi Taluk, hence, the conclusions derived from this study may not be applicable to other places.
- ❖ The conclusions are based on some statistical tools like Likerts' like Garrett Ranking Analysis and Weighted Ranking Method and Chi-square Test, F and Z Tests, Simple Percentage Method which have their own limitations.

22 Conclusion

Agricultural insurance is a complex and difficult product to deliver in a sustainable manner. In the region, the agricultural insurance market is nascent but there are encouraging signs. More and more policymakers and farmers recognize the need for more modern risk management systems in order to stabilize incomes, prevent asset depletion, and to enhance competitiveness. Traditional risk management systems sometimes are not sufficiently equipped to deal with the vagaries of weather and disease and as a result these uncontrollable events cause significant economic losses that negatively affect households, communities, and government themselves. Crop insurance can be improved by

increasing the accuracy and timeliness of crop estimation methods possibly through the use of new technologies. The instability in percentage of claim ratio is slowly decreasing in case of percentage of claim ratio over the study period. It expresses that the stability in crop insurance is increasing. Hence, the performance of insurance scheme in Pollachi taluk is satisfactory.

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