



AGRICULTURAL MARKETING AND INSURANCE AMONG FARMERS IN COIMBATORE DISTRICT

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ABSTRACT

Agriculture holds a unique place in Indian economy. It is the major contributor to the country's GDP and the largest employer of human resources. Around half of the income generated in the industrial sector comes from agricultural-based industries. Agro-products contribute high to the total export of the country. Indian agriculture is prone to many challenges. One of the most important challenges is 'marketing the produce'. Poor market access, fluctuating prices, presence of too many middlemen, no proper storage or warehousing facilities, poor road transportation facilities, lack of knowledge on grading and standardization, absence of market information, unregulated local markets, inadequate availability of institutional finance and unfavorable terms on farmers are some of the problems faced by the farmers. They are also vulnerable to unpredictable weather conditions, pest attack, erratic rainfall and humidity. In this situation, crop insurance emerges as a vital tool to safeguard the farmers from uncertainties and reduces farmers' distress and promotes their welfare. Hence the present study focuses to find the socio-economic background of the farmers in Coimbatore district, analyze the reason for selling and for not selling the agricultural produce through government purchase center and find the reasons for insuring and not insuring the crops.

Key words: Farmer, Agricultural marketing and Crop insurance

INTRODUCTION

Agriculture serves as the backbone of India. The sector holds a significant position both in India and the world. It is the major contributor to the country's GDP and the largest employer of human resources. Around half of the income generated in the industrial sector comes from agricultural-based industries thus making the industrial sector highly dependent on the agricultural sector. Agro-products such as tea, coffee, sugar, cashew nuts, spices, etc., which are edible and textile products such as jute, cotton, and others

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contribute 50% and 20% respectively to the total export of the total country. These add up to around 70% of the country's total export and help the country in earning foreign exchange.

India is a global agricultural powerhouse. According to the Indian Council for Agricultural Research (ICAR), India is blessed with vast tracts of arable land divided into 15 agro-climatic zones with diverse soil types, weather patterns, and crop-growing potential. India is the world's leading producer of milk, spices, pulses, tea, cashew, and jute and ranks second in the world for producing rice, wheat, oilseeds, fruits, vegetables, sugarcane, and cotton. (<https://www.investindia.gov.in>)

Indian agriculture is prone to many challenges. Among them, one of the most important challenges is 'marketing the produce'. Poor market access, fluctuating prices are some most important problem. Presence of too many middlemen results in higher cost of marketing of agriculture produce. The customer ends up paying high amount whereas the producer hardly receives adequate remuneration for his efforts. There is no proper storage or warehousing facilities for farmers in the villages for storing their agriculture produce. Hence causing farmers to sell their surplus produce at a very low and un-remunerative price. Poor road transportation facilities and links in rural areas affect movement of agriculture produce. Lack of knowledge on grading and standardization, absence of market information affects farmers in fetching good price. Unregulated local markets in the form of false weights and measures, and lack of grading and standardization of products in village markets too affect fair and transparent business. Inadequate availability of institutional finance causes farmers to acquire credit from non-institutional sources such as moneylenders, relatives, etc. These put unfavorable terms on farmers, causing them to be on a permanent debt trap. All these affect the financial well-being of farmers.

Farmers face high risks and are vulnerable to unpredictable weather conditions, high cost of production, low yield per hectare and low labor force. Conditions like pest attack, erratic rainfall and humidity affecting agricultural produce is a common problem in India. In this situation, it is important to get coverage in the form of crop insurance for the yield and yield-based losses. Crop insurance emerges as a vital tool to safeguard the farmers from uncertainties and reduces farmers' distress and promotes their welfare. Crop Insurance is a comprehensive yield-based policy meant to compensate farmers' losses arising due to production problems. It covers pre-sowing and post-harvest losses due to cyclonic rains and rainfall deficit. These losses lead to reduction in crop yield, thus, affecting the income of farmers. Government of India has introduced several initiatives such as the Prime Minister's Crop Insurance Scheme (Pradhan Mantri Fasal Bima Yojana), the Prime Minister's Agricultural Irrigation Scheme (Pradhan Mantri Krishi Sinchai Yojana), and the Soil Health Card Scheme. These schemes aim to provide crop insurance, enhance irrigation infrastructure and water-use efficiency, and equip farmers with valuable information on soil health and corrective measures.

OBJECTIVES OF THE STUDY

The study aimed

- To find the socio-economic background of the farmers in Coimbatore district.
- To analyze the reason for selling and for not selling the agricultural produce through government purchase center.
- To find the reasons for insuring and not insuring the crops.

REVIEW OF LITERATURE

Kumar D Suresh, Barah B C, Ranganathan C R, Venkatram R, Gurunathan S and Thirumoorthy S (2011)'s paper titled 'An analysis of farmers' perception and awareness towards crop insurance as a tool for risk management in TamilNadu' was based on 600 farmers which analysed the perception of farmers on various facets of crop insurance schemes. Results revealed that most farmers were aware of risk mitigation measures of the government. But only half of the farmers were aware of crop insurance schemes/products. It also found that gross cropped area, income from other than agricultural sources, presence of risk in farming, number of workers in the farm family, satisfaction with the premium rate and affordability of the insurance premium amount significantly and positively influenced the adoption of insurance and premium paid by the farmers.

K Mani, M Chandrasekaran and S Selvanayaki (2012)'s study, 'Adaptability of Crop Insurance Schemes in TamilNadu' is based on 90 farmers covered under National Agricultural Insurance Scheme (NAIS) in three selected districts in Tamil Nadu, viz. Nagappattinam, Vellore and Madurai and 30 farmers covered under Varsha Bima, a weather-based insurance product in the Nagapattinam district. The study found that the major problems in the implementation of NAIS were poor awareness about the scheme, delay in settlement of claims, complex procedure, high premium rate and wide variation between yields of actual and crop-cutting experiment farms. In the case of Varsha Bima scheme implemented in the Nagapattinam district, the major problems faced by the farmers were non – availability of the benefit since the implementation of the scheme, poor awareness about the details of weather insurance schemes, high premium rate and wide variation in rainfall between the farm and the Reference Weather Station.

T Sangeetha and G Sakthivel (2014)'s paper titled 'A Study on Performance of Regulated Agricultural Market in Coimbatore District-Tamilnadu-An Overview' was based on 750 samples. It aimed to find the socio demographic profile of the respondents, classify the overall impact of farmers' references of regulated markets in Coimbatore districts, find the reasons for selecting Regulated markets and its causes and to study the awareness of the respondents about the Regulated markets. The study found that 85% respondents had a high impact on awareness and regulated markets provides facilities, 85% possessed own land and cultivation in rented land was found about 15%. More than 80% of the respondents were members in the regulated market and they were aware of the system in market. About 52% were using the entire facilities of regulated market like preservation system, godown, etc., and 55% were satisfied with the performance of regulated market system and remaining 45 per cent searching private traders for higher prices.

Sona H C and Y Muniraju (2018), in their paper titled 'Crop insurance: farmers perception and awareness: A study with special reference to Kodagu district' based on 50 farmers aimed to evaluate their perception and awareness about crop insurance schemes in Kodagu district of Karnataka. The study found that majority of respondents were not aware about the schemes, implementing agency and who pay's compensation. Almost all respondents were in the wrong perception that banks will pay compensation and they were the implementing agency. Majority did not know that they were included under crop insurance schemes. Financial security, protection from the loss and compulsion by the banks were the reasons for opting crop

insurance. About 80% were not aware of the extent of coverage, premium paid, last date of premium to be paid, procedure for insuring crops and method of loss determination.

METHODOLOGY

The present study was confined to a selected group of farmers in Coimbatore district of TamilNadu. Convenience sampling technique was adopted in the selection of samples. Database for the study was drawn from 124 responses elicited through a detailed interview schedule personally administered, and observations from surveying the locality and through personal interviews. On completion of data collection, appropriate research analytical tools such as simple percentage, rank analysis, weighted average method and chi square analysis were applied.

FINDINGS OF THE STUDY

The findings of socio-economic background of the respondents revealed that about 41.1% of the respondents were between '31 to 40' years of age, most (54%) - 'female' and around 51.6% were 'S.S.L.C.' qualified.

TABLE 1
SOCIO-ECONOMIC BACKGROUND OF THE RESPONDENTS

Sl. No.	Variables	Percentage	
1.	Age of the respondents (in years)	31 to 40	41.1
2.	Sex of the respondents	Female	54
3.	Education qualification of the respondents	S.S.L.C.	51.6
4.	Marital status of the respondents	Married	56.4
5.	Family status of the respondents	Joint	72.6
6.	Number of children	2	51.2
7.	Possession of	Bank account	37.9
8.	Family income of the respondents (in Rs.)	30000 to 40000	37.1

Source: Primary data, 2023.

It also found that majority (54.6 %) were 'Married', most (72.6 %) were from 'joint families', almost 51.2% had '2' children in their family and around 27.4% had a family income from 'Rs.30000/- to Rs.40000/-'.

An analysis on farming by the respondents showed that about 50.8% of them were involved in farming for 'less than 5' years, almost 73.49% had 'own land', a significant percentage (47.6%) of the respondents cultivated '2' crops in a year and most (54.8%) of the farmers employed '5 to 10 labourers' in their farm.

TABLE 2
FARMING BY THE RESPONDENTS

Sl. No.	Variables		Percentage
1.	Years of involvement in farming	0 to 5	50.8
2.	Type of land	Own land	67.41
3.	Number of crops cultivated in a year	2	47.6
4.	Number of labours employed in a land	5 to 10	54.8
5.	Number of family members involved in farming	3	36.3
6.	Annual income of the respondents (in Rs.)	200000-300000	45.2
7.	Savings by the farmers	Yes	78.2

Source: Primary data, 2023.

It also revealed that around 36.3% involved '3' family members in farming, about 45.2% of the respondents' annual income was from 'Rs.100000/- to Rs.200000/-' and many (78.2%) had the practice of saving monthly. Majority of the respondents (67.7%) did not have debt. The reason for 32.3% of respondents' debts was found.

TABLE 3
REASON FOR DEBT

Sl. No.	Reason for Debt	Percentage
1.	To purchase land	8.06
2.	To purchase fertilizers, seeds, pesticides etc.	11.29
3.	To purchase farming equipments like tractor, thrasher etc.	9.67
4.	For children's marriage	4.83
5.	To repay old debts	10.48
6.	To purchase livestock	16.93
7.	To purchase / construct a house	13.70
8.	For medical expenses	23.38
9.	To purchase household assets like Car, Bike etc.,	1.61
Total		100

Source: Primary data, 2023.

Results revealed that they mainly borrowed money to meet medical expenses (23.38%), to purchase livestock (16.93%) and to purchase / construct house (13.70%).

Reasons for farming by the respondents were found using mean score ranking.

TABLE 4
REASON FOR FARMING

Sl. No.	Reason	Mean Score	Rank
1.	Ancestral occupation	478	I
2.	Traditional occupation	462	II
3.	A social status	441	III
4.	Is a good source of income	412	VI
5.	Like farming	436	IV
6.	No other employment option	430	V

Source: Primary data, 2023.

Findings on reasons for taking up farming as main occupation revealed that ancestral occupation (rank 1), traditional occupation (Rank 2) and social status (rank 3) were the main cause. No other employment option (rank 5) and is a good source of income (rank 6) were the least ranked reason for entering into agricultural occupation.

Almost 65.3% sold their produce to government purchase center. They sold their produce to government purchase center as it fetched them good profit (rank 1), could sell at better prices (rank 2) and there was no corruption in trading (rank 3).

TABLE 5
REASON FOR SELLING / NOT SELLING THE PRODUCE TO GOVERNMENT PURCHASE CENTER

Sl. No.	Reason for selling the produce to government center	Score	Rank	Reason for not selling the produce to government center	Score	Rank
1.	Good profit	698	I	Low profit	618	I
2.	Better prices in government purchase centre	671	II	Better prices in open market	545	III
3.	No corruption in trading	651	III	Corruption in trading	586	II
4.	Easy to sell the produce	640	V	Takes time to sell the produce	525	V
5.	Immediate and assured payment	636	VI	Delay in getting payment	539	IV
6.	Government facility available to buy my produce	641	IV	No government facility available to buy my crops	489	VI
7.	Government purchase centre available in nearby area	626	VII	No government purchase centre available in nearby area	515	VII

Source: Primary data, 2023.

About 34.7% of the farmers did not sell their produce to government purchase centre. The reasons for not selling to government purchase centre were found to be low profit (rank 1), corruption in trading (rank 2) and (better prices in open market (rank 3).

Insights on crop insurance among farmers revealed that majority (58.9%) of the respondents have not insured their crops. And only a less percentage (41.1%) has insured their crops. The reason for opting for crop insurance and not opting for crop insurance was found by applying weighted average method.

TABLE 6
REASON FOR TAKINGUP CROP INSURANCE AND NO TAKINGUP
CROP INSURANCE

Sl. No.	Reason for taking-up crop insurance	Score	Reason for not taking-up crop insurance	Score
1.	Helps to maintain peace of mind	3.16	Financial constrain	41.1
2.	Provides financial support	2.75	Insurance policies not favourable	16.9
3.	Minimizes debts and helps to repay loans	2.56	Insurance not so important	17.74
4.	Protects from losses	0.37	Do not know about crop insurance	23.38
5.	Helps stable income	2.62	Insurance facility is not available	0
6.	Helps adopt modern and innovative production	2.62	-	-

Source: Primary data, 2023.

The main reasons for taking-up crop insurance was found to be ‘helps maintain peace of mind (score: 3.16)’, ‘provides financial support (score: 2.75)’, ‘helps stable income (score: 2.62) and ‘helps adopt innovative production methods (score: 2.62). Findings for not taking-up crop insurance showed that ‘financial constrain (score: 41.1)’ and ‘do not know about crop insurance (score: 23.38)’ were the main reasons.

The association between monthly income and saving of the respondent was found by applying Chi-Square (χ^2) Test.

The null hypothesis tested was

H_0 : There is no significant association between monthly income and savings of the farmers.

H_a : There is association between monthly income and savings of farmers.

TABLE 7
ASSOCIATION BETWEEN MONTHLY INCOME AND SAVINGS OF THE RESPONDENTS - CHI
-SQUARE TEST

Factors	Calculated Value	Df	Table Value	Remarks
Monthly Income	17.400	3	7.815	Rejected

Source: Calculated data, 2023

Findings revealed that Calculated Value is greater than the Table Value. Hence, the hypothesis rejected stating that there is significant association between monthly income of the respondents and their savings.

CONCLUSION

Agriculture and its allied activities is the largest livelihood provider in India. Its contribution to the Gross Domestic Product (GDP) is significant. But the sector is prone to multiple challenges. Prevalence of crop insurance among farmers too is very low. The present study threw light on these aspects. The study revealed that education among the farmers was low, most lived in joint families, cultivated only 2 crops in a year, chose agriculture as their occupation as it was their ancestral occupation and many sold their produce to government purchase center as it fetched them good profit. Only less number of farmers chose crop insurance. Hence education among the farmers has to be raised, marketing support by government to farmers has to be promoted and importance of crop insurance among farmers has to be instilled.

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