



PROBLEMS FACED BY RURAL POLICYHOLDERS IN AGRICULTURAL INSURANCE CLAIMS IN COIMBATORE DISTRICT

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ABSTRACT

This study explores the challenges encountered by rural policyholders during the agricultural insurance claims process in Coimbatore district, Tamil Nadu. Despite the existence of schemes such as PMFBY and NAIS, farmers often face issues such as a lack of awareness, documentation barriers, and delayed settlements. A structured questionnaire was administered to 100 respondents using convenience sampling. Simple percentage analysis was used to evaluate the data. Results indicate that while awareness of insurance schemes is relatively high, claim-related challenges such as delays and limited access to assistance remain significant. The study offers targeted recommendations for policymakers and insurers to enhance the effectiveness of agricultural insurance in rural India.

Key words: Agricultural Insurance, Rural Policyholders, Insurance Claims, Claim Settlement, PMFBY, NAIS

INTRODUCTION

Agriculture is a fundamental pillar of the Indian economy, contributing significantly to GDP and employing a large proportion of the rural population. In states like Tamil Nadu, and specifically in districts like Coimbatore, agriculture continues to be the primary livelihood for many households. However, agriculture is inherently vulnerable to a wide range of risks, including climatic uncertainty, natural disasters, pest infestations, and market volatility. These risks often lead to crop failures and substantial financial losses for farmers.

To mitigate these financial shocks, agricultural insurance has emerged as a crucial risk management tool. It provides farmers with a safety net, ensuring compensation for crop losses and enhancing their financial resilience. The Government of India has implemented several insurance schemes such as the National Agricultural Insurance Scheme (NAIS), and more recently, the Pradhan Mantri Fasal Bima Yojana (PMFBY), to offer affordable insurance coverage to farmers across the country.

Despite the availability of these schemes, the actual utilization and effectiveness of agricultural insurance in rural areas remain limited. Rural policyholders often face several challenges during the insurance claim process—ranging from a lack of awareness, difficulty in understanding scheme benefits, complicated documentation requirements, to delays in claim settlement. These issues discourage many farmers from availing themselves of insurance benefits, thereby exposing them to greater financial insecurity.

The situation in Coimbatore district reflects a broader national concern. While the district is relatively better developed, many rural regions still struggle with limited access to information and financial services. Hence, it becomes essential to examine the specific problems faced by rural policyholders in this context. Identifying and understanding these challenges is the first step towards developing targeted solutions that can improve claim settlement processes, boost farmers' confidence in insurance systems, and ultimately contribute to more resilient agricultural livelihoods.

This study investigates the ground-level issues experienced by rural policyholders in agricultural insurance claims in Coimbatore district. By analyzing the experiences and perspectives of insured farmers, the study aims to provide valuable insights for policymakers, insurers, and agricultural development authorities.

OBJECTIVES OF THE STUDY

1. To assess the awareness and understanding of agricultural insurance schemes among rural policyholders.
2. To identify key challenges in the claim filing and settlement process.
3. To examine the impact of claim-related delays or rejections on farmer welfare.
4. To provide practical recommendations for improving claim efficiency.

STATEMENT OF THE PROBLEM

Agricultural insurance plays a pivotal role in providing financial protection to farmers against losses arising from crop failure, natural calamities, and market fluctuations. Despite the introduction of comprehensive government-backed schemes such as the Pradhan Mantri Fasal Bima Yojana (PMFBY) and the National Agricultural Insurance Scheme (NAIS), the actual benefit to rural farmers remains limited. In Coimbatore district, where agriculture continues to be a key economic activity, a significant number of rural

policyholders face serious obstacles during the insurance claim process.

Common issues include a lack of awareness regarding scheme benefits and procedures, difficulty in fulfilling documentation requirements, delays in claim processing, and inadequate support from insurance agents or intermediaries. These challenges not only discourage farmers from availing insurance but also contribute to a growing mistrust in the system. In many cases, unresolved claims lead to financial stress, increased indebtedness, and reduced agricultural productivity.

This study seeks to investigate the core challenges faced by rural policyholders in Coimbatore district while filing and receiving agricultural insurance claims. Understanding these issues is essential for developing actionable solutions that can enhance the effectiveness, transparency, and accessibility of agricultural insurance as a tool for rural financial security.

RESEARCH METHODOLOGY

A. Data collection:

For the study both the primary and secondary data have been collected. A well framed questionnaire was used for the purpose of collecting the primary data. On the other hand, books and periodicals were used to gather the secondary data.

B. Sample size:

The sample size selected for the study is 100 respondents.

C. Sampling technique:

Due to lack of time and large population the researcher was bound to adopt the sampling techniques. The researcher has chosen stratified random sample approach for collection of primary data.

D. Tools to be used:

Suitable tools and techniques have been to analysis the existing level of problem the tools used in this study are

- Simple percentage Analysis

REVIEW OF LITERATURE

1. DESHPANDE AND ASSOCIATES (2023):

Deshpande and his colleagues investigated farmers' psychological distress brought on by uncertainty surrounding claims. Their research found that prolonged claim delays contributed to anxiety and financial insecurity, leading to higher farmer distress levels. In order to promote farmers' mental health, the study underlined the necessity of expedited claim processing.

2. MENON AND PILLAI (2022):

Pillai and Menon investigated the impact of insurance fraud on policyholders. According to their research, legitimate policyholders had to pay higher premiums as a result of fraudulent claims. In order to reduce fraudulent claims and guarantee that farmers receive just compensation, the study suggested using AI-based fraud detection tools.

3. RAJAGOPALAN (2021):

Rajagopalan looked into the difficulties female farmers had getting agricultural insurance. The study revealed that gender biases, lack of land ownership, and socio-economic barriers limited women's participation in insurance schemes. The research called for policy reforms to ensure gender-inclusive insurance coverage and simplified claim procedures for women farmers.

4. IYER AND KARTHIK (2021):

Karthik and Iyer investigated the connection between the adoption of insurance and agricultural credit. According to their research, farmers who had access to institutional credit were more likely to choose insurance because banks frequently required it in order to grant loans. To boost participation, the study suggested tying insurance policies to agricultural credit programs.

5. JOSHI AND DHAR (2020):

The effect of digital payments on insurance claim settlements was examined by Dhar and Joshi. According to their research, farmers who relied on traditional cash payouts experienced more delays than those who received claims via direct bank transfers. To improve efficiency and transparency, the study suggested requiring digital transactions.

OVERVIEW OF THE STUDY

This study focuses on the real-world challenges faced by rural farmers in Coimbatore district in accessing the benefits of agricultural insurance, particularly during the claim settlement process. Although government initiatives like PMFBY and NAIS have aimed to provide financial protection to farmers against crop losses due to natural calamities and other risks, the actual implementation and claim servicing often fall short in rural areas.

The research was conducted using a structured questionnaire targeting 100 rural policyholders. The study analyzes their level of awareness, the types of issues they encounter while filing claims, the delays or rejections they experience, and how these challenges affect their trust in the system. It also highlights the impact of these insurance-related issues on farmers' economic stability and agricultural productivity.

Through percentage analysis and interpretation of the collected data, the study identifies the most common obstacles, such as poor communication, insufficient guidance, and procedural complexities. The findings aim to provide policymakers, insurance companies, and agricultural institutions with insights that can help improve the design and delivery of agricultural insurance schemes in rural India, ensuring better reach, efficiency, and trust among policyholders.

ROLE OF AGRICULTURAL INSURANCE

1. Risk Management Tool for Farmers

Agricultural insurance acts as a vital risk management instrument for farmers who face numerous uncertainties due to their dependence on unpredictable weather patterns, pest attacks, and market fluctuations. Through insurance, farmers can mitigate financial losses arising from these events and ensure continuity in their farming activities even in the face of adversity.

2. Ensuring Income Stability

One of the core roles of agricultural insurance is to stabilize the income of farmers. Crop failures or damages can severely impact a farmer's earnings, especially for small and marginal farmers. Insurance coverage provides compensation for such losses, helping them maintain their household expenses, repay loans, and reinvest in future cultivation.

3. Promoting Agricultural Investment

When farmers are assured of financial protection through insurance, they are more confident in making investments in improved seeds, fertilizers, irrigation facilities, and modern farming techniques. This reduces their fear of total loss and promotes long-term planning and productivity enhancement in the agricultural sector.

4. Support for Government and Financial Institutions

Agricultural insurance also reduces the burden on the government by minimizing the need for post-disaster relief packages. Additionally, it protects banks and financial institutions that offer agricultural credit, as insured farmers are more likely to repay loans, even after crop loss, due to compensation received through insurance.

5. Enhancing Adoption of Technology and Best Practices

With the backing of insurance, farmers are more likely to adopt climate-smart practices, diversify their crops, and use scientific forecasting tools. Insurance schemes like PMFBY also integrate advanced technologies such as satellite imaging and remote sensing for faster and more accurate claim assessments.

6. Building Confidence in the Agricultural Economy

A well-functioning agricultural insurance system builds overall confidence in the agricultural economy. It fosters resilience, reduces rural poverty, and promotes food security. When farmers feel secure, they contribute more actively to national agricultural output and rural prosperity.

INTERPRETATION AND ANALYSIS

Table 5.1.1 TYPE OF FARMING

TYPE OF FARMING OF THE RESPONDENTS

Particulars	No of respondents	Percentage (%)
Crop farming	39	39
Dairy farming	22	22
Poultry farming	13	13
Mixed farming	26	26
Total	100	100

Interpretation:

From the above table, out of 100 respondents, 39% respondents are Crop farming, 22% respondents are Dairy farming, 13% respondents are Poultry farming and 26% respondents are Mixed farming. From this data majority of the respondents are crop farming.

Table 5.1.2 TYPE OF SCHEME INSURED**TYPE OF SCHEME INSURED OF THE RESPONDENTS**

Particulars	No of respondents	Percentage (%)
PMFBY	52	52
NAIS	41	41
Nil	7	7
Total	100	100

Interpretation:

From the above table, out of 100 respondents, 52% respondents are insured PMFBY and 41% respondents are insured NAIS 7% respondents are not insured. From this data majority of the respondents are insured PMFBY.

FINDINGS:

- ✚ Hence, 72% of the respondents are aware of agricultural insurance scheme.
- ✚ Hence, 52% of the respondents are applied for PMFBY.
- ✚ Hence, 65% of the respondents are filed insurance claims.

SUGGESTIONS:

- Enhancing Awareness and Education – Although 72% of respondents are aware of agricultural insurance, only 40% understand the benefits and coverage. This highlights the need for better educational initiatives, such as workshops, training sessions, and awareness programs conducted by government agencies and insurance providers. Special focus should be given to educating small and marginal farmers about the claim process.
- Simplifying the Claim Process – As 51% of respondents suggested, the claim process should be simplified and made more transparent. Reducing paperwork, enabling online claim submission, and setting up dedicated helplines can ease the process. Introducing real-time tracking systems for claim status updates will also reduce farmers' anxiety and uncertainty.
- Speeding Up Claim Settlements – With 44% of respondents experiencing delays of 1-3 months and 71% reporting financial distress due to claim rejections or delays, a time-bound settlement framework should

be implemented. Insurance providers must ensure that claims are processed within a fixed duration, preferably within 30 days, to provide timely support to farmers.

CONCLUSION:

The study highlights that while agricultural insurance schemes such as PMFBY are gaining awareness among farmers, significant challenges in accessibility, claim settlement, and communication persist. Farmers face difficulties due to lack of awareness, delayed claim processing, and complex documentation, which affects their trust in the system. Delays in claim settlement also impact their financial stability and crop production, further increasing their vulnerability.

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