

**An Analytical Study of Agricultural Crop Insurance in India**

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**Abstract**

Today, about 65 percent of the country's population lives in rural areas, i.e. villages, and the main occupation of these people is agriculture. Therefore, the agriculture sector is seen as an important source of income in the economy. There is a lot of uncertainty and risk in the agriculture sector, due to insufficient and uncertain rainfall, floods, droughts and many other reasons, standing crops in agriculture are destroyed. This causes immense losses to the farmers. No one can guarantee that the crops grown by farmers by investing their capital and labor will remain intact until harvest, in such a situation, not only does the farmer suffer financial loss, but the farmer also wastes the mental energy required for full production, because he is not sure that the crop will be harvested even after sowing again. The concept of crop insurance scheme came up to solve this problem.

**Keywords: Agriculture, crop insurance, farmers, drought, compensation.**

**Introduction**

According to the 2011 census, the proportion of farmers and agricultural laborers dependent on agriculture is 58 percent. "This means that the agricultural sector in India is still capable of providing employment to the majority of people. For the development of any country, agriculture must be developed. Most of the industries and businesses in the country depend on agriculture. If the agricultural season is good, production can be generated from the industry. This means that agricultural production has a severe impact on industry and employment in the industry, so the government needs to pay attention to the development of agriculture. The government is trying to protect agriculture from various crises and losses facing agriculture. If farmers suffer losses in agriculture, farmers do not dare to cultivate agriculture again with renewed hope." Fear of another crisis arising in the mind of the farmer. "It affects the supply of food grains and raw materials in the country and its consequences can have negative consequences in the economy. For this, if farmers get a guarantee of compensation for the losses caused by crises in their crops, farmers can again do agricultural work with renewed enthusiasm. That is why crop insurance is considered very important in the modern era. The insurance company pays for the loss of crops due to crop insurance. Farmers can try to grow crops again in the new season with this money."

"Crop insurance" is the provision of financial protection to crops by compensating for the damage caused to crops standing in the field due to hazards such as heavy rain, storm, fire, pests, etc. For this, the farmer has to pay a fixed amount, which is called the insurance premium. "In return for this insurance premium, the insurance company assumes the responsibility for the loss arising from the potential risk to the crops. Crop insurance is for a fixed period, during which time if the crops are damaged, it is compensated by the insurance company. Farmers cannot bear the loss of crops every year due to various reasons." Therefore, the main purpose of the crop insurance scheme is to provide them with financial protection from this.

**Objectives of Research**

1) To study the Agricultural Crop Insurance Scheme in India.

**Crop Insurance Scheme in India**

After independence, the work of agricultural crop insurance started in 1947. Crop insurance was discussed in the Parliament in 1947. The Ministry of Food and Agriculture promised to start agricultural crop insurance and livestock insurance. In 1948, Shri. G. S. Priyolkar was appointed by the Ministry of Agriculture, Government of India, to study the status of Indian livestock insurance and crop insurance. In his report, it was suggested to implement the pilot

crop insurance scheme immediately. Along with the implementation of this scheme, organized publicity and dissemination was done.

### **Comprehensive Crop Insurance Scheme**

Based on the experience of the pilot insurance scheme, the Government of India started the Comprehensive Crop Insurance Scheme from 1 April 1985 with the active participation of the state governments. This crop insurance scheme has been mentioned in the Seventh Five Year Plan. This scheme is based on a uniform sectoral basis approach. This scheme was mandatory for all farmers taking short-term crop loans.”

‘The Comprehensive Crop Insurance Scheme was implemented in 15 states and two union territories. It was implemented in states and union territories like Andhra Pradesh, Assam, Bihar, Goa, Gujarat, Himachal Pradesh, Karnataka, Kerala, Madhya Pradesh, Maharashtra, Meghalaya, Odisha, Tamil Nadu, Tripura, West Bengal, Andaman and Nicobar Islands and Pondicherry.’

The scheme was made mandatory for farmers taking crop loans from financial institutions. It included rice, wheat, jowar, bajra, pulses and oilseeds in the Kharip and Rabi seasons. The insurance premium for rice, wheat, jowar and bajra was fixed at 2 percent for crop loan holders and 1 percent for pulses and oilseeds.

### **National Crop Insurance Scheme**

Problems, Shortcomings and Opportunities for Improvement in the Comprehensive Crop Insurance Scheme “The Government of India announced a new crop insurance scheme in the Budget of 1998-99. The Hon’ble Prime Minister announced the National Crop Insurance Scheme on 22 June 1999 and dedicated this scheme to the country by adding a new chapter in the history of risk management of agricultural production. The National Crop Insurance Scheme was implemented by the Government of India by issuing a Government Ordinance on 16 July 1999, replacing the Comprehensive Crop Insurance Scheme from the Rabi season of 1999-2000.”

The National Crop Insurance Scheme was implemented for all farmers. ‘This scheme was implemented for those who have taken loans from financial institutions and those who have not taken loans. The National Crop Insurance Scheme provides more protection than the Comprehensive Crop Insurance Scheme in terms of crop insurance coverage and contingency policy.’ The objective of the new crop insurance scheme was to increase the insurance premium for various crops by 4 percent for food crops and for cash crops e.g. To do more than that for sweet potatoes, groundnuts, etc., the government was considering setting up an independent company under the Government Insurance Corporation, and it came forward in 2003 under the Agricultural Crop Insurance Corporation and was given the freedom to amend the scheme and run the scheme.

### **Finding**

A large number of farmers in India are based on agriculture. ‘There is a large amount of uncertainty in production in the agricultural sector. Various efforts have been made to reduce this uncertainty. The agricultural insurance scheme has been a boon in this. The agricultural insurance scheme tries to reduce the natural risks in agriculture.’ Different crop insurance schemes have been started since 1972 at the global level as well as in India.

The pilot crop insurance scheme was started in 1979. ‘This scheme has increased in the number of states covered and the number of states covered during the period from 1979 to 1985. Also, the compensation given per hectare was more than the deposit insurance. As a result, in 1985, the comprehensive crop insurance scheme was implemented. In this scheme, financial loan was mandatory for farmers.’ Based on the experience of the pilot crop insurance scheme in the comprehensive crop insurance scheme, the Government of India started comprehensive crop insurance from 1 April 1985.

Due to the problems in the comprehensive crop insurance scheme, the Government of India

started a new crop insurance scheme, the National Crop Insurance Scheme, on 22 July 1999. 'This scheme is mandatory for voluntary and loanable farmers. This scheme has witnessed a significant increase in the number of farmers and beneficiary farmers covered in the country between 1999-2000 and 2011-12. There has been a significant increase in the number of beneficiary farmers. The government has implemented various crop insurance schemes in the country since the 1970s. By reducing the problems and errors in each scheme, new crop insurance schemes, comprehensive crop insurance schemes, national crop insurance schemes have been beneficial for farmers in reducing their uncertainty.

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