

CHAPTER - 6

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CONCLUSION

6.1 Introduction

The present chapter includes with findings and suggestions made on the basis of the analysis and interpretation of the data collected from insured farmers and non-insured farmers in Khatav Taluka. Following are the findings, observation and suggestions of the data collected by researcher from the farmers in Khatav Taluka.

6.2 General Observation

1. The Government of India has made state and district level committees for proper implementation of crop insurance. These committees are not working properly.
2. Commercial banks are not performing their duties and role because they have not received appropriate guidance form GIC. Banks collect, compile and submit the premium amount to lead banks not on scheduled time which cause delay in completing the list of insured farmers. Banks not make arrangement to pay compensation to the farmers in adequate time.
3. Co-operative Banks performing well in compensation with Regional Rural Banks and Commercial Banks.
4. There is no any co-ordination between government department and bank officers in respect of crop insurance scheme.
5. After 10 years of launching the NAIS scheme, the level of awareness about this scheme is very low not only at the farmers but also the various government departments and bankers.
6. Most of the farmers knew about the crop insurance scheme even, they eager to insure their crops, but they unable to access appropriate information about crop insurance and its procedure.
7. More than 50% of farmers have Kisan Credit Cards and hence they are covered under crop insurance by default. But remaining farmers were eager to get involved in such scheme but they had no source to get information.

8. Workshop, orientation programs and counseling camps are not organized regularly at local level by insurance authorities and banks.
9. The National Agricultural Insurance Scheme is working on loss basis as national level. Hence the scheme is non-viable.
10. The premium rates of NAIS is higher than the previous scheme CCIS but it is not high enough to cover claims.
11. The Indian Government has introduced innovate crop insurance schemes from time to time but the awareness of people is very low towards crop insurance schemes.
12. NAIS is implemented on the basis of 'homogenous area' approach and area at present is the Mandal/Taluka/Block or equivalent unit. These are large administrative units. Hence there are variations in yields of farmer's as well natural calamities. Hence the unit for determining claim should be reduced to the level of village in case of large villages and to cluster of villages in case of small villages. Individual approach should reflect crop losses on realistic basis (Dandekar 1985).
13. But for Indian conditions individual approach is not suitable. Most of the farmers are small and marginal farmers, they hold small portion of land. Hence the processing cost of crop insurance is not affordable to the GIC for every farmer. Similarly for individual approach there is no any post agricultural record available by individual farmers. Hence calculation of risk is the problem. Similarly a large variety of crops, climatic condition are also factor adversely affecting on selection of individual approach instead of area approach for the crop insurance scheme.
14. The farming community in India consist 121 million farmers and only 20% borrowed crop loan from financial institutions and out of it only three fourth insured the crops. It means still, 95% farmers are remaining non-insured and they unaware of crop insurance.
15. Most of the farmers are illiterate and do not understand the procedure of crop insurance. Hence they are far away from crop insurance.

16. NAIS being a multi-agency approach, the scheme is implemented through the rural credit agencies. Most of the farmers are neither familiar nor comfortable in going to the distantly located (mostly at Taluka level) credit agencies. On this background the dedicated rural agents are needed to provide services with effective training programmes to influence the farmers in backward areas.
17. The awareness about the schemes is poor due to lack of proper interaction at local level, and due to the lack of effective image building and awareness of officers of implementing agency.
18. Gram Panchayat should be made accountable for insurance and disbursement of losses to farmers. It can act as an authorized institution to presenting the scheme.
19. Crop insurance in India is a multi-agency program, which includes the State Government, Central Government. National Bank for Agricultural and Rural Development (NABARD), General Insurance Corporation (GIC), Co-operative Banks, Commercial Banks have a crucial role in development of crop insurance program.

6.3 Findings

6.3.1 Personal Information

1. Most of the selected farmers in Khatav Taluka belong to the age group of 31-40, while least of the farmers are below 30. It found that involvement of young generation in agriculture is very low. It may adversely affect on development of agriculture in Khatav Taluka.
2. It is found that the education level of farmers in Khatav Taluka is very low. Most of the farmers are educated up to Secondary school. Because only those people moved on towards agriculture who have less education. Hence the graduate or post graduate farmers are very few in Khatav Taluka. But interesting thing is that only few farmers are illiterate means most of farmers have got primary education.
3. Agriculture is the main income source of the selected farmers of Khatav Taluka. Their families totally depend on agriculture income. Farmers have

limited options to earn money in other ways such as business, service, investment etc.

6.3.2 Agricultural Information

1. Food grain and pulses are the major crops cultivated in Khatav Taluka which are suitable to the drought-prone area.
2. The rainfall in Khatav Taluka varies between 350 mm to 400 mm. Hence most of the farmers suffer to get irrigation facilities. But well is a major source of irrigation available to the farmers in Khatav Taluka. One another thing is that only few farmers using are dripping and sprinklers for irrigation.
3. Farmers in Khatav Taluka are using modern tools for their farming. They are using processed seeds, modern equipments, fertilizers and pesticides in their farming activities.
4. Khatav Taluka came under drought-prone area. Maximum farmers have suffered from agricultural losses in several years. Hence they required some provision to recover agricultural losses and crop insurance is one of the mechanisms providing protection against such losses.
5. It identified that bank loan and crop insurance are two important sources available for the selected farmers in Khatav Taluka and least of the farmers borrowing money from money lenders. It means farmers are familiar and aware with bank and its procedure. Similarly they are aware of crop insurance scheme.
6. The study reveals that farmers in Khatav Taluka are not interested to bear loss more than 20% of their agricultural production. It clears that loss bearing capacity of farmers in Khatav Taluka is low, hence there is need to protect the farmers from agricultural losses through crop insurance.
7. The Vikas Society is the major source of finance available to the farmers in Khatav Taluka. Vikas Society is the society, which itself established by farmers to meet their agricultural needs. Similarly the interest rate of Vikas Society is very low as compared with Commercial banks.

6.3.3 Awareness of Farmers

1. Most of the insured farmers as well as non-insured farmers have information about crop insurance, but few of them know the procedure of getting crop insurance, because they are illiterate and implanting agency failed to advertise entire process in simple language which may be understandable to the illiterate people.
2. In spite of crop insurance scheme, the farmers in Khatav Taluka are familiar with other agricultural insurance schemes. Livestock insurance and farmers insurance are mostly known by farmers followed by farm income insurance, seeds insurance and weather based crop insurance.
3. The workshop, orientation programs and counseling camps were not conducted regularly to provide information about crop insurance to the farmers. The information of crop insurance is providing through notices and circulars published by government authorities. However these notices, circulars are not reaching to the farmers properly.
4. The interesting thing found that farmers are insuring their crops through NAIS. But most of them have no information about which crops are covered under NAIS. (NAIS does not cover all crops in area. After crops cutting experiment, implementing agency decides the crops covered under NAIS in concern area). NAIS not cover all types of crops. They are providing security to few crops after crop cutting experiment. However most of the farmers have no detailed information about crop covered under NAIS in their area.
5. D.C.C. Bank and Gram Panchayat are the main sources available to the farmers followed by friends and farmers meetings. Similarly D.C.C. Bank and Gram Panchayat inform farmers about workshop and orientation programs of crop insurance.

6.3.4 Benefits of the Crop Insurance to the Farmers

1. Crop insurance is benefited to the farmers to get back their investment in agriculture. It provides financial protection and help in financial planning to the farmers. It not only supports their farm income but also provide income stability to the farmers. Finally the scheme assists the farmers to meet daily needs.

2. According to the analysis made by researcher, Rajapur and Wanzoli are the villages where the growth of NAIS is very high followed by Vetane, Pusesavali and Khatav whereas growth of NAIS in Vakeshwar, Sid. Kuroli and Mayani is very low.
3. The NAIS in Khatav Taluka is non-viable and it is working in loss. Because in Khatav Taluka the implementing agency compensate the farmers more than 7 times as compared to premium paid by them. It means NAIS provide security to the farmers with bearing heavy losses.
4. Farmers in Khatav Taluka feel that the premium paid by them is quite high and not affordable for them.
5. According to the interpretation made by the researcher, the progress of NAIS in Khatav Taluka is satisfactory in year 2004-05, 2006-07 and 2007-08. But the 2007-08 was the year, the growth in not satisfactory because up to 2006-07 the scheme was mandatory to the borrower farmers and from 2006-07 the compulsion was removed hence the farmers not themselves insured the crops.

6.3.5 Farmers Opinion about Crop Insurance

1. It is found that financial institution dose not provided immediate compensation to the famers. However they make a delay of six months. It causes difficulties to the farmers for the preparation of next crop season.
2. About 90% farmers were unsatisfied for the services in connection with crop insurance. Most of the farmers unsatisfied by crop covered under NAIS followed by crop insurance premium, problem of compensation and facilities provided by financial institutions and other factors.
3. The farmers pointed that the Governments have rout out the corruption which identified in the NAIS. It seems that the government officers are better in corruption by the unfair implementation and selection of beneficiaries, as they always demand some amount from the beneficiaries. After discussion with farmers, it is found that some farmers do not get information about panchnama committee similarly small farmers are suffering from corruption. It is also observed that panchnama can do without informing the farmers.

4. The Government of India replaced comprehensive crop insurance scheme by National Agricultural Insurance Scheme from 1999-2000. And interesting thing is that the premium rates of NAIS are higher than premium rate of CCIS. While increasing premium rates, NAIS in Khatav Taluka is not viable. It is working on loss, in spite 50% respondents think that premium rates are very high for NAIS because most of the farmers are small and marginal farmers. Hence these premium rates are not affordable to them.
5. The RRBs, commercial banks and co-operative banks implement the NAIS in rural areas. None of the individual is working as insurance agent like Life insurance agent. It found that farmers in Khatav Taluka, especially in backward areas the least transportation facilities are available. So it is asked for individual agent who collect premium from their home and compensate the claims in their home. Similarly they prefer financial institutions in their village rather than circles, block or Taluka places. Because they wholly involved in agriculture so they have least time which they are not interested to waste.
6. Farmers in Khatav Taluka get information of crop insurance from Gram Panchayat, D.C.C. bank or Taluka Krushi Adhikari. In present research, it is found that in spite of D.C.C. bank farmers prefer meetings as well as Chawadi as source of crop insurance information. Because Chawadi and farmers meetings are the two places where farmers regularly meet and share their agricultural knowledge.

6.4 Problems

1. Crop insurance procedure is not understandable to the farmers in Khatav Taluka. Hence they have shift to go into financial institutions and insure the crops.
2. Every year farmers in Khatav Taluka suffer from loss on the agricultural activities.
3. Financial institutions neither co-operate the farmers nor understand their difficulties at time of insuring the crops.
4. Communication barrier between government officers implementing agency, financial institutions and farmers is the major problem of NAIS.

5. The guaranteed yield is decided by indemnities calculated, is the moving average yield of the proceedings 3 years for jowar and wheat and 5 years for other crops multiplied by the level of indemnities. It does not provide adequate protection to the farmers, especially the farmers in areas where adverse seasonal conditions.
6. A financial institution fails to influence the farmers. They are unable to reach the farmers and inculcate the benefits of crop insurance. It is a major problem of crop insurance.
7. The processing of claims in NAIS begins after harvesting of the crop. A claim was paid after crop cutting experiment as well as funds available from Central and State Government. Hence there is big gap between (8 to 10 months) loss occurrence and payment of actual claims.

6.5 Suggestions

1. The young generation in Khatav Taluka needs to take interest in agriculture. If educated people in Khatav Taluka take part in agriculture then awareness of crop insurance can be increased. Similarly educated people need to guide and help the farmers for insuring the crop and getting compensation.
2. Family of farmers and their daily needs depend on agriculture. In adverse climatic conditions farmer's family suffers to meet daily needs. Hence farmers needs to supportive business to agriculture like dairy farming, poultry farm or livestock etc. to recover the agricultural loss.
3. The loss bearing capacity of small and marginal farmers is very low hence they need to cover from crop insurance protection.
4. Most of the farmers in Khatav Taluka are aware of crop insurance scheme. But in case of non-insured farmers, they have known the crop insurance but they are less interested to insure their crops. Hence guidance to farmers should be given from the government authorizes, financial institutions and Gram Panchayat members.
5. Regular orientation programs/ counseling camps should be arranged by banks and insurance authorities at village level to increase the awareness of crop insurance scheme.

6. The NAIS is multi departmental approach which needs a strong co-ordination amongst various departments.
7. Mutual efforts of NGOs, financial institutions and governments are required to improve the reach to the crop insurance scheme.
8. Information about crop insurance scheme should be provided to the farmers from concerned authorities. The information should be in published form and in simple language.
9. The insurance agents should be appointed at the village level. They should help and guide farmers to provide information about crop insurance. Similarly they should have a good knowledge of insurance to demonstrate the scheme of crop insurance to farmers and act as counselor also.
10. The role of Gram Panchayat should be increased, and it needs to work as a loss assessment body and it should act as an authorized institution to promote the crop insurance scheme.
11. Farmers should be compensated within 3 months from losses so that they can make preparation for their next crop season.
12. Presently, numbers of private sector insurance companies are working in general insurance business. Hence there is need to promote private sector participation in agricultural insurance. The Insurance Regulatory and Development Authority (IRDA) should make compulsion to the private business to underwrite crop insurance business. If private business will not do it then penalty should be charged to them.
13. In Khatav Taluka, irrigated wheat, rabbi jowar, Kharif jowar, onion, groundnut, gram and potato etc. crops are covered under NAIS. Hence more crops such as sugarcane, banana, and ginger should be required to cover under NAIS.
14. Transparency is required at the time of compensation paid by financial institution to the farmers.
15. The Government should take serious steps to remove the corruption in crop insurance. For that purpose they keep close control on officers involved in the

scheme. Similarly investigators should be made regularly for reducing frauds or false transactions.

16. Before panchnama, the authorities should intimate the farmers and they need to consult the farmers at the time of calculating loss.
17. The implementing agency should provide the information of crop insurance to the farmers through meetings of farmers at village level and through Gram Panchayat.
18. The NAIS was mandatory to the borrower farmers and optional to the non-borrower farmers from inception of such scheme to the 2005-06 seasons but from 2006-07. The NAIS is optional to both borrowers as well non-borrower farmers.

6.6 Conclusion

Now tremendous changes have been observed in agricultural activities such as; Irrigation facilities, infrastructure facilities and communication facilities etc. But the risk in agricultural production has increased. This risk is very high in farm income and its production. Most of the farmers are selecting the options of suicide rather than crop insurance. Hence, there is serious problem of sharing the risk of farmers and protecting their crops against adverse weather and natural calamity.

The farmers in Khatav Taluka are facing problems such as; (i) difficult procedure, (ii) non-cooperation from financial institutions (iii) delay in panchnama (enquiry), (iv) fulfillment of documents, (v) delay in compensation etc. Crop insurance is life blood to the farmers in Khatav Taluka. But NAIS have some serious shortcomings such as; the coverage of in term of area, payment of indemnity based on area approach, corruption at high level, delay in compensation and crops secured under NAIS etc. such limitations hampered the expectation of farmers in Khatav Taluka. NAIS in Khatav Taluka is not viable. It shows that premium received is always less than claims. For making NAIS viable premium rate are need to cover pure risks, administrative cost and reasonable returns.

The farmer's awareness of crop insurance and benefits of crop insurance are positively correlated. So to providing benefits to the farmers, the awareness programmes should be arranged. Crop insurance covers the business risk of farmers.

But they can manage their risk up to 60% on an average through crop insurance scheme as it has been observed in Khatav Taluka.

Government of India constituted joint group to overcome shortcoming of NAIS. The group made in depth study and made important recommendations like; (a) reduction in the unit area of insurance to Gram Panchayat level for major crops, (b) improving basis of calculation of threshold yield, (c) higher indemnity level of 80% and 90% coverage for pre-sowing/ planting risk and post harvest losses, (d) personal accident insurance cover and package insurance policy etc. Based on recommendations of joint group and comments of various stakeholders, proposal of Modified National Agricultural Insurance Scheme (MNAIS) was prepared and sent to the planning commission. Planning Commission has decided that MNAIS would be implemented on non plan side. But all these recommendations remained on the paper and once again government failed to improve the crop insurance scheme. The NAIS requires renewed efforts by government in term of designing appropriate machinery and providing financial support to farmers. The scheme should be designed and presented in simple way so the farmers can easily understand.

Proper knowledge and implementation of crop insurance scheme can increase the food grain production in India and can reduce the risk of crop losses.