

Status of Crop and Livestock Insurance Schemes in Punjab

Lopamudra Mohapatra¹ R.K. Dhaliwal² and H.S Dhaliwal³

ABSTRACT

Status is the prevailing position of Crop and Livestock Insurance Schemes in Punjab which was measured with respect to different aspects such as type of farmers covered under these schemes, subsidy provided, type of crops and animals covered, premium etc. The major private players for Crop Insurance in Punjab were IFFCO-TOKIO General Insurance Company and ICICI Lombard. About 15.83 per cent of the respondents had availed the Crop Insurance Scheme; While 59.17 per cent of the respondents have availed the Livestock Insurance Scheme. About 96.67 per cent of the respondents had insured their crop from IFFCO - TOKIO General Insurance Company (ITGI). Cooperative bank was the service provider for all the respondents availing Livestock Insurance and 96.67 per cent of the respondents were provided with the Crop Insurance and Personal Insurance by the IFFCO. All the respondents were satisfied with the premium rate for the Livestock Insurance schemes and majority of the respondents availed the three year policy for the livestock.

Crop and livestock insurance provides financial and social security to farmers which offers self help and acts as an instrument of motivation for large investment in agriculture for higher yields and more income. Crop insurance helps to stabilize agricultural economy too. The concept of crop & livestock insurance in India dates back to 20th century which had its popularity with the rainfed states in the past. In present scenario Punjab is looking forward for diversification of cropping pattern and crop insurance is such an instrument which can help popularization of the concept among the farming community. Livestock Insurance provided for the livestock can give security and financial help to the farmers in case of losses. Status of Crop & Livestock Insurance in Punjab is an important aspect which has to be looked into to assess various factors for the popularisation of these schemes for the planners. So keeping in view of this the present study has been planned to study the status of Crop & Livestock Insurance-in Punjab.

METHODOLOGY

The study was conducted in purposively selected district i.e. Ludhiana of Punjab due to the convenience of the researcher. From Ludhiana district three blocks viz. Sidhwan Bet, Sudhar and Raikot were selected randomly.

Then from each block two villages were further randomly selected. From each selected village twenty farmers were selected randomly. So in total, a random sample of hundred twenty farmers were selected as the respondents from six villages of Ludhiana district. The data collected by personal interview method through structured interview method. Appropriate statistical procedures like frequency and percentage were employed to analyse and interpret the data. Status is operationally defined to be the prevailing position of Crop and Livestock Insurance Schemes in Punjab which was measured with respect to different aspects such as type of farmers covered under these schemes, subsidy provided, type of crops and animals covered, premium charged, compensation provided, with respect to market value of the animals, number of farmers availing Crop and Livestock Insurance, area or number of animals covered, types of epidemics inflicting damage, stages of insured crop loss etc. It was studied from two angles i.e. according to the various insurance companies and the other according to the respondents' point of view.

RESULTS AND DISCUSSIONS

Status of crop insurance scheme according to the insurance agencies: The major private players for Crop Insurance in Punjab were IFFCO-TOKIO (ITGI) General

¹M.Sc. Student, Department of Extension Education, PAU, Ludhiana ² Professor, Department of Extension Education, PAU, Ludhiana
³Senior Farm Economist, Department of Economics and Sociology, PAU, Ludhiana

Insurance Company and ICICI Lombard. The data in Table 1 reveal that ITGI had covered about 4000 farmers during the last five years and had covered an operational area of 20,000 acres. The crops covered were rice and wheat. Compensation was paid to 3700 farmers which

amounted to Rs. 160 lakh. ICICI- Lombard General Insurance Co. Ltd had covered about 2050 farmers during the last five years and had covered an operational area of 8200 acres. The crops covered were rice and wheat. Compensation was paid to 725 farmers which amounted to Rs. 48 lakh.

Table 1: Status of Crop Insurance Scheme according to the insurance agencies (During last five years)

S.No.	Insurance Agency covered	No. of farmers	No. of crops covered (Acres)	Operational Area	Compensation Provided	
1.	IFFCO- TOKIO General Insurance Co. Ltd.	4000	2	20,000	3700 (92.50)	160
2.	ICICI-Lombard General Insurance Co. Ltd	2050	3	8200	725 (35.36)	48

Status of livestock insurance scheme according to the insurance agencies: The four public sector companies which are subsidiaries to Agricultural Insurance Company (AIC), viz. National Insurance Company Ltd., New India Assurance Company Ltd., Oriental Insurance Company Ltd, United India Insurance Company Ltd. provide the Livestock Insurance in Punjab. There were no private players in Punjab in providing the Livestock Insurance Scheme. The data in Table 2 reveal that out of the four companies more number of farmers had been covered by National Insurance Company Ltd. which is 210 during the last five years. Next to it is Oriental Insurance Company Ltd with coverage of 200 farmers. All the four companies have covered cows and buffaloes under their scheme. The highest numb CI' (If animals had been covered by Oriental Insurance Company Ltd which

is about 98,000 followed by National Insurance Company Ltd which covered 88,000 animals during the last five years. Oriental Insurance Company Ltd and National Insurance Company Ltd. had paid compensation to 70 farmers which amounted to Rs. 7.5 lakhs and Rs. 6.8 lakhs respectively.

Status of crop and livestock insurance scheme according to the respondents: This has been studied from the respondents' point of view who have availed the Crop and Livestock Insurance Scheme. The information has been collected with respect to the acreage covered under insurance, the service providers, mode of payment of the premium, satisfaction of the respondents with the compensation rate, causes of loss or damage to the insured crops and many more aspects have been studied which is being discussed in this section.

Table 2: Status of Livestock Insurance Scheme according to the insurance agencies (During the last five years)

S. No.	Insurance Agency	No. of farmers covered	No. of Animal covered	No. of Livestock covered	Compensation provided	
1.	New India Assurance Company Ltd.	150	Cow buffalo	86730	60 (40.00)	6.25
2.	Oriental Insurance Ltd Company	200	Cow buffalo	98000	70 (35.00)	7.50
3.	United India Insurance Company Ltd	100	Cow buffalo	50000	55 (55.00)	6.80
4.	National Insurance Company Ltd.	210	Cow buffalo	88000	70 (33.33)	5.80

Figure in parenthesis indicate percentages

Type of insurance scheme availed by the farmers:

A perusal of the Table 3 reveals that only 15.83 per cent of the respondents have availed the Crop Insurance Scheme. While 59.17 per cent of the respondents have availed the Livestock Insurance Scheme. The findings further revealed that 15.83 per cent of the respondents

were such who availed both the crops as well as Livestock, Insurance Schemes. About 9.17 percent of the respondents availed the Personal Insurance i.e. Sankat Haran Bima Yojna. Buragohain (2007) also had similar findings in which he revealed that coverage of farmers under Comprehensive Crop Insurance Scheme (CCIS) were negligible.

Table 4.3: Distribution of respondents according to the type of insurance schemes availed (N=120)

S.No.	Insurance Agency	Respondents	
		f	%
1.	Crop Insurance	19	15.83
2.	Livestock Insurance	71	59.17
3.	Both crop and livestock insurance	19	15.83
4.	Sankat Haran Bima Yojana	11	9.17

Farmers availing crop insurance for various crops grown by them and acreage of different crops covered under crop insurance scheme: Table 3 reveals that 94.73 per cent of the farmers have insured rice and wheat crop grown by them in Kharif and Rabi season respectively.

The total operational land holding of these farmers was 546 acres. Out of this acreage, 46.70 per cent area was insured under rice and wheat. However a small percentage of the respondents i.e. 5.27 per cent insured potato crop covering an area of 6.60 per cent of the total operational land holding.

**Table 3: Distribution of respondents according to their insured acreage under different crops
Total operational land holding= 546 acres (N=19)**

S.No.	Type of crops	Respondents		Area	
		f	%	f	%
1.	Rice	18	94.73	255	46.70
2.	Wheat	18	94.73	255	46.70
3.	Potato	1	5.27	36	6.60

Service provider for the Crop and Livestock Insurance Scheme: The Crop Insurance Scheme respondents also include those farmers who had availed insurance scheme on the purchase of fertilizer bag also (Sankat Haran Bima Yojna). The Livestock Insurance Scheme respondents also include those who had also availed the Crop Insurance Scheme. It is evident from the

Table 4 that 96.67 per cent of the respondents were provided with the Crop Insurance and Personal Insurance by the IFFCO where as only 3.33 per cent of the respondents availed the same from ICICI Lombard. Cooperative bank was the service provider for all the respondents availing Livestock Insurance.

Table 4: Distribution of respondents according to service providers for the Crop and Livestock Insurance Scheme. (N1 = 30) (N2=90)

S.No.	Service Provider	Crop Insurance		Livestock insurance	
		f	%	f	%
1.	Regional Rural Bank	----	----	----	----
2.	Cooperative Bank	----	----	90	100
3.	Commercial bank	1	3.33	----	----
4.	IFFCO	29	96.67	----	----

Insurance company from whom crops and livestock were insured: The Table 5 reveals that 96.67 per cent of the respondents have insured their crop from IFFCO - TOKIO General Insurance Company (ITGI) and only 3.33 per cent of the respondents insured their crop from ICICI

Lombard. Again for Livestock Insurance 43.33 per cent of the respondents have been insured by Life Insurance Company and 56.67 per cent of the respondents were insured by New India Assurance Company Ltd.

Table 5: Distribution of respondents according to the Insurance Company from which crops and livestock are insured

S.No.	Insurance company	(N1=30)		(N2=90)	
		Crop Insurance f	%	Livestock insurance f	%
1.	ITGI	29	96.67	----	----
2.	ICIC Lombard	1	3.33	----	----
3.	KRIBHCO	----	----	----	----
4.	Agriculture Insurance company	----	----	----	----
5.	Life Insurance company	----	----	39	43.33
6.	New India Insurance company	----	----	51	56.67

Mode of payment of the premium and satisfaction with the premium rate :

About 63.33 per cent of the respondents paid the premium by demand draft and 36.67 per cent of the respondents paid through the purchase of fertilizer bag as given in Table 6. All the respondents were satisfied with the premium rate.

Table 6: Distribution of the respondents according to the mode of payment of the premium and satisfaction with premium rate for the Crop Insurance Scheme N= 30

S.No.	Mode of payment of the premium	Respondents	
		f	%
1.	Fertilizer Bag	11	36.67
2.	Cash Payment	----	----
3.	Demand Draft	19	63.33
S.No.	Satisfaction	----	----
1.	Satisfied	30	100.00
2.	Not satisfied	----	----

Causes of loss incurred in insured crop: Data regarding the causes of losses was collected and the same is presented in Table 7. The total number of the insured respondents were 30 (Table 4.3) and 19 of them have

suffered loss in their crop. Of these 19 respondents all had suffered losses in the insured crop due to frost where as 94.73 per cent of the respondents incurred losses due to high temperature and only 5.27 per cent of the respondents suffered losses due unseasonal rainfall.

Table 7: Distribution of the respondents according to the causes of loss incurred in insured crop

S.No.	Causes of loss	Respondents	
		f	%
1.	Frost	19	100.00
2.	Unseasonal Rainfall	1	5.27
3.	High Temperature	18	94.73

Mode of payment of compensation and timeliness in payment of the compensation: About 94.73 per cent of the respondents got the compensation paid by cheque and only 5.27 per cent of the respondents got compensation payment by cash as given in Table 8. The table further reveals that 94.73 per cent of the respondents got the timely payment of the compensation where as only 5.27 per cent of the respondents got the payment late.

Table 8: Distribution of the respondents according to the mode of payment of compensation and the timeliness in payment of the compensation N=19

S.No.	Timeliness & mode of payment	Respondents	
		f	%
1.	Timely	18	94.73
2.	Untimely/Late	1	5.27

S.No.	Mode of payment	f	%
1.	Cheque	19	94.73
2.	Demand Draft	----	----
3.	Cash	1	5.27

Seed crop insuring agency and the stage of seed when loss occurred : The data set In Table 9 clearly reveal that the only seed crop insurance agency with the respondents was ICICI lombard which was for the contract farmers of potato and the loss to the insured crop was incurred at the field stage.

Table 9: Distribution of the respondents according to the seed crop insuring agency and the loss incurred stage of seed crop (N=1)

S.No.	Timeliness & mode of payment	Respondents	
		f	%
1.	Agriculture Insurance company	----	----
2.	ICICI Lombard at field stage	1	100.00

Table 11: Distribution of respondents according to satisfaction with premium rate, subsidy provided and type of policy availed for Livestock Insurance Scheme N =90

S.No.	Insurance company	Satisfied		Dissatisfied	
		f	%	f	%
1.	Premium rate	90	100	----	----
2.	Subsidy	39	43.34	51	56.66

The respondents who had availed the scheme from New India Assurance Company Ltd. did not get any subsidy. About 75.56 per cent of the respondents' availed three-year policy where as 24.44 per cent of the respondent's availed annual policy for insuring their livestock (Table 12).

Type of losses to the livestock for which compensation provided: The data in Table 10 reveal that 90.91 per cent of the respondents suffered loss due to death of animal, which was caused by disease and injury where as only 9.09 per cent of the respondents suffered loss due to incurable condition caused by unexpected accidents.

Table 10: Distribution of respondents according to compensation received for the kind of loss incurred for Livestock Insurance (N=22)

S.No.	Timeliness & mode of payment	Respondents	
		f	%
1.	Death of animal due to disease and injury	20	90.91
2.	Incurable condition caused by unexpected accidents	2	9.09

Satisfaction of the respondents regarding various aspects of availed livestock insurance scheme: The Table 11 reveals that all the respondents were satisfied with the premium rate. About 56.66 per cent of the respondents who got insurance from New India Assurance Company Ltd reported that no subsidy was provided to them for the insurance. However 43.34 per cent of the respondents who availed insurance from Life India Corporation (LIC) were satisfied with the subsidy provided for the Livestock Insurance Scheme.

Table 12 Distribution of respondents according to type of policy availed for livestock Insurance Scheme (N=90)

S. No.	Timeliness & mode of payment	Respondents	
		f	%
1.	Agriculture Insurance company	----	----
2.	ICICI Lombard at field stage	1	100.00

Table 13: Distribution of respondents according to the reasons for opting & and not opting the Crop Insurance Scheme

S. No.	Reasons for opting	Respondents f	Respondents %
1.	Gives assurance of the crop loss	18	60.00
2.	Compensation is satisfactory	29	96.66
3.	Easily available at the cooperative society	29	96.66
S. No.	Reasons for not opting	Respondents f	Respondents %
1.	Non availability of information	90	100.00
2.	Unable to avail the insurance scheme being a non contract farmer	19	21.11

* Multiple reasons

Reasons for opting and not opting the crop and livestock insurance scheme: The respondents availed the insurance scheme due to certain reasons and if they had not availed then there were some other reasons. These reasons have been discussed in the following section.

Crop Insurance: The Table 13 reveals that 96.66 per cent availed the Crop Insurance Scheme because compensation was easy to avail and the policies were easily available through the Cooperative Society. However 60.00 per cent of the respondents availed the same as it gives assurance of crop loss. It also reveals that all the respondents who could not avail the Crop Insurance Scheme reported non availability of information as one of the reasons while 21.11 per cent were not able to avail the same being a non contract farmer.

Livestock Insurance Scheme: The respondents who had bought the cattle on loan availed the Livestock Insurance scheme as it was compulsory for the loanee farmers, where as the farmers who were non-loanee did not know about the insurance of livestock and hence could not avail insurance for their cattle.

CONCLUSION

Out of both public and private sector insurance companies, IFFCO-TOKIO General Insurance Company (ITGI) and ICICI Lombard provided the maximum services. IFFCO was the major service provider of Crop Insurance Schemes. Maximum loss to the insured crops of the respondents was due to frost and high temperature. The mode of payment of the compensation of the crop insured was done through cheque to 94.73 per cent of the respondents and 94.73 per cent of the respondents were getting the payment timely. There were no private role players in Punjab who handles Livestock Insurance scheme. Cooperative Banks were the service providers for the Livestock Insurance Scheme. In case of livestock, The New India Assurance Company Ltd provided the services. About 90.91 per cent of the respondents suffered loss due to death of animal, which was caused by disease and injury. All the respondents were satisfied with the premium rate for the Livestock Insurance schemes and 75.56 per cent of the respondents' availed three-year policy

REFERENCES

- Buragohain T (2007) Crop insurance schemes and state of life of farmers in India. *Afro Asian Journal of Rural Development* 10: 57-70.