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Cost Benefit Analysis of Agriculture Insurance – Demand Side Vision

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Abstract

Agriculture development is an index of country's progress because the development of all other sectors depends upon the development of agriculture sector. But, the development of agriculture is affected by natural disasters. Hence, agriculture insurance is a protective mechanism for farmers against the perils present in agriculture. The farmers have to bear the cost of agriculture insurance to attain its benefits. This phenomenon, induce the researchers to stumble upon the solution for the following queries:

What cost to be borne by the farmers to obtain agriculture insurance?

What benefits to be attained by the farmers via agriculture insurance?

The primary data collected from 600 farmers availing agriculture insurance within Tirunelveli District in the Indian State of Tamil Nadu to make an in-depth study to address the above issues. The respondents were selected by adopting stratified random sampling technique. The collected data were analyzed by applying Percentage Analysis and Sign test. The study revealed that green insurance is a beneficial plan to the farmers to face the negative income shock at reasonable premium. The majority of the respondents felt that agriculture insurance has covered 0-50% risk. Sign Test proved that there is a significant difference in the attitude of farmers towards the cost and benefits of agriculture insurance. Technological adoption in the estimation of loss of crop yield, prompt settlement of claims and additional perils at additional premium are suggested mission to enhance the vision of the farmers on cost and benefits of agriculture insurance. Besides, it helps the farmers to lead a peaceful life and induce them to contribute more towards sustainable agriculture development of the country.

Keywords: Cost Benefit Analysis, Farmers, Agriculture Insurance

