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Chapter II

RESEARCH METHODOLOGY AND REVIEW OF LITERATURE

In this chapter various theories of accidental insurance are discussed and review of the literature pertaining to the Farmers accidental insurance policies are enlightened. This chapter is divided into two parts. In the first part, various experts and their studies have been reviewed (Review of Literature). The second part is related to research methodology adopted to the study.

PART - I

2.1 Review of literature:


"Farmers Perception and Awareness about Crop Insurance in Karnataka", the study on farmers Perception and Awareness of crop insurance was accomplished in North Eastern regions of Karnataka because area receives very less rainfall compared to other part of Karnataka and people of this area always go through the drought, they continuously suffer. The study exposed that average amount of family among borrowers and non borrowers were seven. Most of them (44%) are uneducated and 25% of the family members are having education up to primary level. Level of education, amount of family members and experience in farming did not show any important difference between among the district selected for study. However, area of agriculture and crop earnings, which usually corresponds to area of farm, were a lot higher in Gulbarga district compared to Koppal and Raichur districts. Though NAIS crop
insurance scheme is operating since 2002-03 in the study region majority of respondent (>80%) are not known that which organization executes and who spreads compensation. Almost all respondents are in the wrong perception that banks will pay reimbursement and are the implementing organization. More than three fourth of the insurance beneficiaries mentioned that bank compulsion was the inspiration for opting insurance. Financial protection, good knowledge from others was the region for opting crop insurance. Further more than 80% of respondents are not known of scope of coverage premium paid, last date, method for insuring crops and method of loss determination and compensation worked out by agriculture insurance company. Respondent farmers were having an option for improving presented scheme and they want fast conclusion of claims which is generally takes more than one year. Near about three fourth of the beneficiaries recommended to believe adverse weather situation prevailed during blossoming and shell pattern period. National Agriculture Insurance Scheme (NAIS) in operation needs to be continued with conversion and generality of modalities of indemnity, loss estimation, settlement of payment and disbursement system.¹

Kavitha, Latha, and Jamuna, (2012)

Prepared a study titled, “Customers’ Attitude towards General Insurance - A Factor Analysis Approach”, describe that with over a billion people, India is turning out to be global economic power. With a comparatively youthful people, India will grow to be an attractive insurance market over the next decades. This study examines the customer approach towards the General Insurance. A study has been carrying out at Erode district with the sample of
750 respondents to find out the hold of the policy holders in the study area. In this the background of the respondents’ opinion on the different related statements were collected with a 5 point scaling. Factor study and significant multivariate system has used to decrease the great number of factors in a small bundle of factors. 25 factors which are measured to be the distinct type of policy holder's conscious this study contribute to know the different customers which are having dissimilar hope from the General Insurance Companies in the study area.²

_Jas Bahadur Gurung, (2011)_

"Insurance and Its Business in Nepal", this study aims mainly focuses on the performance of insurance business in Nepal. The data used in this study is prominently quantitative and analysis has been conducted by using simple percentage and correlation coefficient. The study exhibit that the cooperation between all 25 insurance companies viz. 8 life insurance and 16 non-life insurance and one offer equally life and non-life services. They have altogether 340 branch offices in Nepal. The increase of insurance policies for together life and non-life insurance companies has been rising and important during the study period. Likewise, the progressive movement of premium collection reached to 48 percent for non-life and 37.06 percent for life insurance in FY 2066/67 and contributed 1.70 percent in GDP of the economy. Furthermore, the investment of insurance companies has been productive but fluctuating over the time under study. However, the correlation coefficient among total premium collection and total investment is positive with $r=0.97$
and important as its PE is only 0.0163. These details expose that the performance of insurance business in Nepal is satisfactory³.

Altaf Ahmad Dar, (2011)

In his journal entitled, "International Journal in Multidisciplinary and Academic Research (SSIJMAR), described on “Awareness of Life Insurance - A Study of Jammu and Kashmir State”, . Jammu and Kashmir State, a community-based cross-sectional study was conducted. A total number of 242 respondents from 242 households were interviewed via a pretested questionnaire after getting informed approval from the participants. The awareness of life insurance was found to be 64.0 per cent. About 45.0 % of the respondent comes up to get information about life insurance, the media which played significant role in the distribution of information. The mean premium amount agreeable to be paid by the respondents for life insurance was found to be Rs 1804.00; even the low socio-economic group of people was also interested to participate with a commemorate amount of Rs. 697.00 annually for life insurance. The central and low socio-economic groups favored government life insurance compared to private life insurance as they have more assurance on Government Company. The findings indicate that government should appear with a policy, where the public can be made their contribution to a life insurance scheme to undertake unnecessary events and also better use of life insurance services⁴.
Suresh Kumara, Barabh, Ranganathana, Venkatrama, Gurunathana and Thirumoorthya, (2011)

"An Analysis of Farmers’ Perception and Awareness towards Crop Insurance as a Tool for Risk Management in Tamil Nadu", To keep away farmers against risks in agriculture, government has started several schemes such as National Agricultural Insurance Scheme and weather index based crop insurance schemes etc. But their protection seems to be bounded among the farmers mainly due to be short of information. This paper has reported the results of a survey of 600 farmers carried out to assess their insight about different facets of crop insurance schemes. The Probit and Tobit models have been utilized to examine the factors influencing awareness among the farmers. Crop diversification index has also been used to examine the farmers’ adjustment mechanism aligned with risks. The survey has exposed that most farmers (65%) are aware of risk mitigation procedures of the government. But, only half of the farmers have been found conscious about the crop insurance schemes/products. This implies that there is need to spread information about insurance schemes across the target groups. Further, it has been revealed that factors such as income from other than agricultural sources, presence of risk in farming, gross cropped area, number of workers in the family, satisfaction with the rate of premium and affordability of the insurance premium amount importantly and positively impact the adoption of insurance and premium paid by the farmers. The study has clearly brought out the instance of developing more inventive products, having minimum person interventions.
Sundar and Lalitha Ramakrishnan, (2010)

"A Study on Farmers’ Awareness, Perception and Willing to Join and Pay for Crop Insurance", this paper talks about the findings of the study in the part of crop insurance. First of all it deals with the awareness level and foundation of awareness, secondly inspect the farmers’ insight, and at last identify the farmer's interest in paying for crop insurance. The study was carried out in Kunichampet village, Puducherry District, India and 140 suitable respondents were selected and been conducted in June and July, 2012. From the study farmers attentiveness level about crop insurance was low. Most of the farmers were not interested to pay for crop insurance because of inconsistent income, premium rate, no or low compensation, troubles with distribution chain and lack of economic knowledge.

Legendary Kumar (2009)

Legendary Kumar in his study entitled, "Significant developments in health insurance sector", describes development of health insurance sector. The healthcare in India is in a state of cosmic transition. Better income for the middle class, health consciousness among the majority of the classes price liberalization, decrease in bureaucracy, and the introduction of private health care financing have all made a world of variation. Its aim, in cooperation of agents of life and general insurance sectors to sell health covers, for life insurers and non-life insurers to continue to write health covers as now. Claims below the health insurance are settled by the moderator. The administrator but the agency's experience is about not being satisfactory to the policyholders. The private sector companies related to public-private companies and private
business dealer and small businessmen and traders in the public sector are not new and positive. The record of private sector companies relating to individual policyholders and small businessmen and traders holding new positive and not much different from that prevailing in public sector companies. The Indian healthcare industry is predictable to raise significantly and its contribution to the country’s GDP will boost from 5.2% at present to 8.5% over the next two years. This is because the cost of health is twice that of the year. The private contribution is also serving overpass the broad interregional disparities on the health face. Already the sector has searched through healthcare delivery. Indian insurance business has completed many years of liberalization, without many hiccoughs.


In his book entitled "Agricultural Insurance in India: Problems and Prospects". Crop insurance helps to stabilize the agriculture income and also helps the agriculturist to start production activity after a bad farming year. It gives support from the losses by providing agriculturist with a minimum amount of protection. In a effective document of National Centre for Agricultural Economics and Policy Research (Indian Council of Agricultural Research), Raju and Chand (2008) discussed and explored the problems and prospects of agriculture insurance in the country. They also experimentally observed the perceptions of the agriculturist in Andhra Pradesh regarding the Agricultural insurance. Those farmers availed crop insurance declared financial protection as the most significant factor for being paid their crop assured and required quick conclusion of claims. The most important reason non loaned
farmers mentioned short of awareness as the key reason for not availing such insurance protection⁸.


In his study on entitled, "Law of motor vehicle insurance an analysis of insurance's liability", explains that the insurance organizations face multiple troubles in addition to the financial liabilities after marketing of insurance policies against the threat of motor vehicles. The Motor Vehicles Act, 1988 is an inclusive part of legislation defining various parts of management and ‘use of’ motor vehicles. Chapter 10 of the Act presents for compulsory insurance of motor vehicles. It especially deals with the liabilities come up out of the ‘use of’ vehicles in public places. The holders of the vehicles are legally responsible to pay for the compensation suffered by the individual. The insurance companies defend the owners by covering their liability towards the third party and also for the smash up of the vehicle. The insurance organization faces a variety of liabilities defined in the Act such as the liability for the owner, third party liability, liability under the hit and run accidents, no fault livability and driver and occupants of the vehicle. But, in the procedure of reverence claims, they undergo financial losses. They are also locked up in extended litigations lots of time. This article brings out some of the issues handled by the insurance companies⁹.

**Ram Pratap Sinha (2007)**

In his study, "Productivity and efficiency of Indian general insurance industry" The deregulation of general insurance industry in India is having extensive effect in conditions of market size, construction and prepared
practices. The penetration level of general insurance in India is pretty low compared to the international standards and, for that reason, has great potential for increase escalation. The present paper compares the performance of twelve general insurance organizations in reverence of technical and scale efficiency and total factor productivity in a three-output three-input framework, for the years 2003-04 and 2004-05, by using Data Envelopment Analysis and Total Factor productivity Index. The open sector insurers dominate the private sector insurers in terms of mean technical efficiency in steady returns to scale, while the private sector insurers have a slightly higher mean technical efficiency than the public sector insurers in variable return to scale. A additional comparison of total factor productivity and gross income is also made in honor of both public and private sector insurance organizations.

Chinnadorai, Kalpana and Sadhana (2007)

He has deliberated about the "Motivational factors and level of satisfaction of agents development officers of LIC of India", with the intention to study the performance of agents & development officers in constructing the group, and the preparation methods used by the development officers to educate their agents and the level of satisfaction of agents on different aspects and recognize the factors that motivates the agents. This study was carried out in the city of Coimbatore. Primary data has been used which was collected from a sample of fifty agents and fifty development officers through interview schedule. The study was carried out to know the performance-oriented team building aspects of agents in Life Insurance Corporation of India in the background of the competitive surroundings created by the private players of
the insurance business. The development officers inspire middle man and direct them to carry out better as a team. From this study, it can be inferred that the team building can be improved by increasing commission of the middleman, collaboration and management between the development officers and the agents, adopting innovative training techniques and motivating them personally. The study was concluded that the agents and the development officers, plays a vital role in performance- oriented team building movement in the insurance business and therefore it gives a personal touch in the insurance business. Thus the management of the life insurance corporation of India should take good lampblack of their middleman's and development officers11.

**Nancy B. Kurland, (2007)**

He has studied on entitled "Sales Agents and Clients: Ethics, Incentives, and a Modified Theory of Planned Behavior", the mainstream of the study was that the commission is popularly believed to produce immoral intentions, although little research has directly examined this connection. This paper directly examines the influence commission, along with knowledge, returns, professional authorization, and a customized theory of planned behavior, has on agents' ethical intentions toward clients. The study sample was methodically drawn from a national group of financial service industry professionals. Only a customized theory of planned behavior extensively predicted agents' moral intentions. Implications and restrictions are discussed. Therefore to date there may not be methodical effort made to study the problem relates with the live stock insurance. Thus the study has been undertaken with this precise aim in mind to provide the needs of local & rural based group of
people to insist and makes awareness among rural populace on live stock insurance\textsuperscript{12}.


Studied on entitled, "Changing scenario of India Insurance Sector", hearsay that this research is highlighted historical based of insurance, insurance entrance and solidity. This research accomplished insurance companies of India are needed to rise up with many benefit policies including tax benefits with quality based timely customer services and require to give attention on health insurance, which is one of the important areas of insurance with services through innovative products, individual attention, smart marketing and aggressive distribution with internet facility, transparency and elasticity to increase the quality and amount of insurance business\textsuperscript{13}


"Agricultural Insurance in India: A Perspective". Agricultural production is result of natural process which is highly sensitive to changes in weather. The unpredictable and rough distribution of monsoon rains perpetuated yield/price instability and hence enlarged farmer's experience to risk and uncertainty. In this situation of high risk and uncertainty of rain nourish agriculture; assigning risk is an significant aspect of decision making to farmers\textsuperscript{14}

**Singh, S. (2004)**

"Crop Insurance in India-A Brief Review". The risk load of the agriculturist can be minimize from the medium of crop insurance, which is mainly a way of securing farmers against the factor of possibility in crop
production. Crop insurance spreads the lost of crops over space and time, provides social safety to the farmers, helps in maintaining their self-respect, offers self-help, cheers huge investments in agriculture for improving crop yield and escalating agricultural production\textsuperscript{15}.

**Malliga (2002)**

studied on entitled "Marketing performance of LIC agents in Tirunelveli Division", the study objectives at to examine the marketing performance of the LIC in Tirunelveli Division, to study the marketing practices of the middlemen's and the marketing performance to analyze the force of socio economic issue on the marketing performance of the middleman. To assess the role of approach of the agents on the marketing performance and to assess the connection among the personality of the agents. The study was carry out in Tirunelveli Division. Both the primary and secondary data were used. Double staged sampling technique was used. Questionnaire is used to collect the data from the middleman. Most of the suggestions in the form of update course can be intended to make stronger the relationship between the company and the agents the company and the expert status. Agents must be positive to become members of the professional club like Rotary, Lion and welfare groups which will make easy the direct entry among the members of the clubs with higher income strata and directly to the people at huge by contributing in social welfare activities. The LIC has still to be inventive in product development to offer cost effective plan to protect even the irregular and short income group of populace. As well, the commission rates on dissimilar plans should be customized suitably so as to make the agents focus
consistently on all the type of plans. This study was accomplished that by keeping up life insurance

**Punithvathy Pandian (2001)**

Within her study entitled, "Impact of Liberalization on the productivity of LIC agents", evaluate the productivity tend of the Life Insurance Corporation middleman's before and after the monetary liberalization. Based on the secondary data, productivity of middleman's in terms of the number of plans sold and the sum guaranteed for a period of 1981-2000 has been studied. The linear and the complex growth charges along with the t-test between the complex increase rates of the output of the middleman's in both the performance type were raised during the phase after the economic liberalization when compared to starting period. The dissimilarity between complex increase rates at the number of plans sell out between the pre and post Liberalization time was not important. But that of the sum guaranteed was important statistically at five percent level.

**Selvarani (May 2000)**

Has studied on entitled "Attitude of Policy holders towards Career Agents" with the plan to study the various life insurance schemes, to evaluate the attitude of plan holders towards rural career middleman's, to make ideas based on the study. She used both the primary & secondary data. The primary data were collected by using interview schedule. There are 150 samples were selected to do the study. It is recommended that the agents may pay concentration to the loan necessities of plan holders and help them in being paid loan with least complexity.

Has studied on the subject of "Deliberate practice at work: A study with insurance agents" with the mean to study as regards the concept of deliberate practice (Ericsson, Krampe, & Tesch-Romer, 1993) to work surroundings. Deliberate practice covers frequently carried out tricks which mean at ability improvement. It is hypothesized that the sum of deliberate practice is positively connected to work performance. Outcome of a study with hundred insurance agents supplied evidence for the occurrence of deliberate practice activities in work contexts. The amount of current moment spent on deliberate practice was importantly connected to decision-making ratings of insurance agents’ work performance. Gathered amount of time spent on deliberate practice in the past was not related to work performance19.

Malliga (2000)

Focused on “Marketing of LIC policies - A study on agents of Tirunelveli Division” tried to examine the influence of marketing strategies, personality qualities, socio economic issue and approach of LIC agents in Tirunelveli Division was chosen at random. The study exposed that there was an important connection between the socio-economic issues and the performance of together the number of plans sold and the sum guaranteed marketing strategies followed by the agents had importantly inspired the performance. Among personality flavor empathy, timidity, need achievement and dominance - were - found to have no connection with performance. The correlation co-efficient among the approach of the agents and the performance
was not important at five percent level. It was found that the act of the agents was reliant on the nature of the company and not on the class of company\textsuperscript{20}.

\textbf{Rao (1997)}

In the case study, "Drop outs in life insurance selling" examine the failure in relation to experience; education, age and area of study. The study was restricted to a branch for a time of one year. He obtained that a huge number of middleman's got ended every year. Most of them were in 1\textsuperscript{ST} year of their organization. Number of execution got decreased over the years. 82% of the middlemen's disposed were under 35 years. Even if more and more educated youth were studied up to PUC or less were the foundation\textsuperscript{21}.

\textbf{Balammal, M. (1996)}

In her study which is entitled as, "Job satisfaction of LIC employees - Tenkasi Branch", has deliberate the major issues which results satisfaction of Life insurance Corporation workers, and level of job satisfaction between employees of Life insurance Corporation in Tenkasi Branch, and study how the aspect affect the persons satisfaction regarding their work. The primary data is used for the study. The primary data is collected through the questionnaire. The convenience sampling method has been adopted to frame the sample. It was concluded that the training methodology must be apposite to the subject taught. It should be participative in nature and also it must raise the number of training period. For higher satisfaction and productivity, it is very significant to give the employees contribution in management\textsuperscript{22}. 
Arora and Singh (1995)

Has focused on "Growth and Performance of Life Insurance Corporation of India - A study on Jalandhar Division", with the mean to evaluate the Performance of LIC Agents in his paper. It consumed a period of 10 years from 1980-81 to 1989-90. The effect showed that the Life insurance Corporation and made multifarious progress in terms of its business actions at divisional as well as national levels. The individual business - in - force and the new business had revealed positive growth rates through the study time. However the elevated growth rate was observed in the urban than the rural area.\(^23\)

Nagapandy (1994)

In his study entitled, "Performance evaluation of the life insurance corporation - Madurai division", has focused the potential spouted from the insurable people and the performance leaning insight of the mediator. Primary & secondary data were used. F-test and Chi-Square test were applied with percentage analysis. It was found that high potential in management group and low potential in agricultural group were spouted in Madurai division. In one direction analysis of variance illustrate that the potential spouted in the insurable people change drastically in to the different parts. Further the mediators were found to give first preference to the Endowment plans, money back and new Jana Raksha at the time of canvassing.\(^24\)

Thanulingam and Muthupandi (1989)

In the study entitled, "Working career agency scheme in LIC", highlighted the functioning of the career agency scheme in LIC of India in
common and in Madurai city in particular. The data was collected from the publications, Bulletins published by the Life Insurance Corporation of India. It was carried out that there was a direct connection among the performance of the Life Insurance Corporation & the number of career representative. They recommended that as an alternative of spending much money on advertisements it was advisable to employ more number of career agents and give them motivation and good training.  


Has focused on, "Role of New India Assurance Company in providing rural insurance schemes in Tirunelveli Kattabomman District", this study is highlighted the on overall growth of New India Assurance Company, conclude the level of utilization of rural insurance schemes by the weaker sector based on convenience sampling and quota sampling technique in two hundred and fifty plan holders. It was accomplished appropriate for the deliberation of the organization for the benefit of its future business action.

**Mishra (1988)**

In his focused on, "Appraisal of Marketing Strategies of the Life Insurance Corporation of India", the investigator found that the attitude of an individuals and expertise of the chairman had inspired the business. The existing potency of the company (marketing field force) was not correctly motivated, trained and utilized. He further initiate that in Indian condition, sex structure was a important factor to decide the market capability. Age, habitation and professional prototype of the populace had affected the potential
tapped in the life insurance market. According to him, the Life Insurance Corporation had not cast much weightage to customer approval.

**National Insurance Academy (1988)**

Lightened, "The continuation of agencies (Survival) and business performance of the agents", informed that information was collected from three Divisions of Life Insurance Corporation of India that is Jaipur, Jamshedpur, and Nasik for the phase 1965 to 1986. It was accomplished that monetary performance of the agents was low at the younger agent; it reached the peak level in the age group of thirty to forty years and after that, it refused. During the first year of corporation, the coverage performance (number of lives covered) was pretty high reflecting the figure of links already presented with the individuals taking up the corporation; it reduced a little during the next year or second & again it would improve for a duration of fifteen to twenty years. The personality of the enrolling development officer influenced the performance of mediators. Full time and part time, direct and attached and education were other three important variables that exaggerated the average financial performance and growth rates of performance. General was found to impact the performance importantly.

**Meena. K (1986)**

In her research entitled, "Utilization of Oriental Insurance Company Ltd. by policy holders in Madurai City- An Empirical Study", states that a sample of 200 plan holders was collected on the basis of stratified sampling has depicted the manner of plan holders towards the services supplied by oriental Insurance Company Ltd in Madurai.
Chandrasekhar. S (1986)

Has studied on, "Customer service in United India Insurance Company ltd", describes that the growth of united India Insurance Company Ltd. to appraise the valuable attitude towards the services of the united India Insurance Company ltd. He has studied the level of customer satisfaction between the plan holders of united Insurance Company limited30.

Padmanaban . V (1985)

He discussed on entitled, "Crop Insurance in Chengalpet District", with the target to be aware of crop insurance and these plan to the populace conclude the level of utilization of crop insurance in rural area. The examiner has lighted the importance of crop insurance declaring that crop insurance is not only business scheme but also a source of refuge vital for the well being of Indian farmers31.

Dnyanajothi, National insurance academy (1985)

In this study on entitled "opinion of the life insurance agents" observed he performance using stratified sampling methods, the depth being association members and non- association members. Altogether a sample of 3,905 agents who had been the Life Insurance Corporation’s plays for more than three years had been selected. Mediator's profile exposed that most of the mediators was male, middle aged (means in between 30 to 49 years) married and educated up to SSLC and practice of more than 10 years. They found that mediator secured and average sum guaranteed of Rs. 15 lakhs through 50 plans in a year. Agent expends less than six hours a day on the work. The conclusion drawn was that the agent had inveterate that the strategy and terms customers
were selected by them rather than by the customers themselves. Their preferences were frequently in favor of endowment or money back polices. On the entire the mediators confidence was high and that they were fulfilled with their profession. They were extremely sure about their personality in the society as insurance mediator.\textsuperscript{32}

\textbf{Walker and Jodha (1986)}

In the nonexistence of prescribed risk sharing / dispersion mechanisms, farmers depend on usual style and approach to face with production risk in agriculture. Many cropping tactics and farming preparation have been adopted in the absence of crop insurance to keep stable crop revenue. Availability and effectiveness of these risk management strategies or insurance surrogates rely on public policies and demand for crop insurance.\textsuperscript{33}

\textbf{Rao (1988)}

The risk bearing ability of an average agriculturist in the partly-arid tropics is very narrow. A large agriculture household or a moneyed farmer is able to spurge risk over time and liberty in many ways; he can make use of stored grains or reserves during bad years, he can expand his crop production across diverse plots. At a top level of profits and staying power, the farmer would select for top average yields or profits over a phase of time even if it is accomplished at the price of high yearly variability on production.\textsuperscript{34}

\textbf{Binswanger (1980)}

After analyzing the threats in farm investments, risk avoidance propensity of the farmers and available plans for shifting risk, assumes that
farmers’ own mechanisms for loss management or risk dispersion are very costly in arid and semi-arid regions\textsuperscript{35}.

**Ahsan (1982)**

The most important role played by insurance programmes is the indemnification of risk-adverse persons who might be aversely exaggerated by natural probabilistic experience. The philosophy of insurance market is based on huge numbers where the event of risk is dispersed over individual. Insurance, by contributing the possibility of transferring risks, allows individuals to connect in risky actions which they would not carry out otherwise\textsuperscript{36}.

**Bhende (2005)**

Searched that income of the farm households from semi-arid tropics connected mainly in rain-blase farming was positively connected with the level of risk. Therefore, the availability of prescribed tool for dispersion of risk like crop insurance will facilitate farmers to accept risky but remunerative technology and farm tricks, ensuing in increased income\textsuperscript{37}.

**Smith and Goodwin (1996),**

A quantity of studies verify a conservative point of view that farmers cheering promotion of moral hazard use less chemicals\textsuperscript{38}.

**Horowitz and Lichtenberg (1993),**

Discover that in the US Midwest, crop insurance deploys considerable impact on maize agriculturists' chemical use decisions. Those buying insurance applies meaningfully more nitrogen per acre (19 %), pay out more on pesticides (21 %), and treats more land with both herbicides and
insecticides (7 % and 63 %) than those not purchasing insurance. These results put forward that both fertilizer and pesticides may be risk-increasing inputs\(^{39}\)

**Hazell (1992)**

Most of the threats insured under public insurance programme are basically un-insurable threats. Moreover, they crop up frequently and thus are expensive to insure. The financial performance of most of the public crop insurance has been damaging in both developed and developing countries. The multi-threat crop insurance thus is very expensive and has to be hugely subsidized\(^{40}\).

**Atwood (1996)**

An investigation of data from US agriculture specifies that the producer's first response to risk is to limit the use of debt. Cost support programmes and crop insurance are alternates in decreasing producer risk. The availability of crop insurance in a setting with price supports permits producers to service higher levels of debt with no increase in risk\(^{41}\).

**Ray (1971)**

Entrance and availability of insurance, changes the approach of the farmer and encourage him to take decisions which, otherwise, would not have taken due to hatred to risk. For example, rain-fed paddy was cultivated in one of the riskiest districts i.e. , Anuradhapura district, of Sri Lanka, for the first time in 1962, as insurance facility was open to the farmers\(^{42}\).
Bhende 2002

A correctly intended and applied crop insurance programme will protect the many unprotected small and minor farmers from hardship, bring in constancy in the farm incomes and raise the farm production\(^{43}\).

Patki (1989)

In his article entitled "Rural Marketing" talk about the problems of selling the life insurance in the rural parts and gave many ideas to enter into the rural market. The ideas are contribution in village fairs, using audiovisual methods and explaining the qualities of the life insurance to the villagers etc\(^{44}\).

Shekar Chandra (1998)

In his article entitled "Future strategies for Life insurance" described a variety of issues relating to life Insurance. He has given a complete note about new types of products and familiarity with the continual technology adoption for endurance as well as for consistent growth\(^{45}\).

Shrinivasan M. N. (2005)

The instigator focused on the Law of Insurance has been a subject of considerable public significance since its commencement. Many new legal enactments have been added to the presented legislative material on the subject. The prominent between them are the 1991 and the Insurance Regulatory and Development Authority Act, Public Liability Insurance Act, 1999 and various Rules and Regulations there under. Such degree of Legislative care further demonstrates the public significance of the subject. It is the hugeness of the market which has paying attention the foreign insurers and in order to throw open the door to them, the elite monopoly of the LIC and GIC has been diluted.
Apart from the constructional changes, the law of insurance has also been registering changes in respects of its foundation and working principals. These changes have rendered the subject to be more functional than merely theoretical. This edition supply casing full text of Insurance Act, Rules, Regulations Life Insurance Corporation Act, General Insurance Business (Nationalisation) Act, Rules and Guidelines Issued by ICAI, Marine Insurance Act, Personal Injuries (Compensation Insurance) Act, Public Liability Insurance Act, Relevant extract form Motor Vehicle Act, English Life assurance Act, English Gamming Act, and other Miscellaneous Acts and Rules covering or imposing upon the subject of law insurance.

Ross, James B. (1996)

The research addresses the interest of the Life Insurance Corporation of India in building model to calculate the life insurance prospective of an individual and, by aggregating those calculations, to access the life insurance potential available in any geographical locale. A secondary interest is supporting insurance salespeople in study proceeds under the notion of human capital theory, limiting the variables in the main fraction of the study to education level and age. Since one objective is to work out an instrument that could be used by the normal worker in field operations, nearly one third of the study is loyal to tables that facilitate such use. The author examines that the application of the theory provides both a minimum and a maximum for the guidance of the agents, so that its application can get rid of both underinsurance and over insurance. The concern evidenced in this remark suggests that, in
markets serviced by a single governmental insurer—such as the Life Insurance Corporation of India the theory may have more applicability\textsuperscript{47}.

**R. Haridas (2011)**

In his book entitled "Life Insurance in India" focuses on recent reforms in Life insurance business in India, after a long period of a monopolistic atmosphere, the insurance sector in India was opened to private contribution with the acting out of the Insurance Regulatory and Development Authority Act, 1999. From the time when the number of participants working in life, general and reinsurance, in both the public and private sector, has increased. The opening up has augured well for the sector which has witnessed introduction of new products in recent years. In the field of life insurance, a wider choice is presently available to the customers, with products being tailor made to the needs of the insured. Insurers are putting in much more research into development of products both in the Life and General insurance segments. Reforms have created competition in the insurance sector and give the customers a wide choice not only in the matter of insurance companies, but also in terms of insurance products. However, the impact of increased competition is yet to be felt on insurance entrance\textsuperscript{48}.

**Rajkumar (1985)**

The study observes that publicity is to affect a customer, who has a limited expenses authority and it appears to work through familiarizing spreading news over component inertia and constructing image improving market share, educating, instructive and to have employees support. As far as insurance industry is concerned, fallacy is a common problem and the pre-
testing exposed that most of the wealthy people are associated with insurance and he analyze that the dealing of Life Insurance Company to the public is always inequitable\textsuperscript{49}.

\textbf{Shesha Ayyar, V. (1986)}

In her article assigned "Product Development" has talk about a variety of matters linked with developing new policies such as the significance of developing new schemes and various problems caught up in the development of new schemes in Company. she suggested the need for including subsidiary benefits such as disablement, accident benefits and hospitalization benefits\textsuperscript{50}.

\textbf{Divya (2014)}

Examine that the business of insurance is related to the security of the economic values of property every property has a cost the owner of any product. Imagine some value from it. Every property is predictable to last for a certain time period during which it will gives benefits. After that the profit may not be available. There is a life time for machine in a industrial unit or a law on a motor car. The landlord of this so he must supervise his property to get most advantageous benefit. An accident or some other adverse event may wipe out it or make incapable of giving benefits. In that case landlord and those who are enjoying the benefit, there from would be deprived of the benefit. There may be a option plan. But it would not be prepared. It is an disagreeable condition. Insurance is a mechanism that helps to decrease the belongings of adverse situations. This study is aiming to know the first choice of the customer about the investment made on insurance plans. So the study exposes the dissimilar
attitude of customer towards it. So, through this study the investigator attempts to give some suggestion and plan for existing products and services of insurance\(^5\).

By considering the above review related to the topic, significance of study is presented as :

**PART-II**

2.2 **Research Methodology:**

a) **Significance of the Study :**

India is a large country and having large rural area and population. Agriculture is the capital source of the income and employment of Indian population. As per Registrar General of India & Census report 2011 the total farmers or cultivators population of India is 118.7 million (2011) & 144.3 million agricultural workers/labors which consists 31.55 of total rural population. Maharashtra is a developed state in western part of India. The state covers 307,714 sq. km area and the population of Maharashtra is 11, 23, 72,972 out of which 68.42 % peoples are dependent on agriculture. It can be obviously assumed that some family members of this (7/12) document holder are also related to farmer.

Nowadays farmers suicide has become a burning issue. Government is to make every effort to stop the farmer's suicide. Farmers are facing numerous problems and it is not easy to them to rise again from certain conditions or losses. Most of the time farmers face difficult situations, which affect them and the return paid to them by govt. is not provided to them due to involvement of middleman, as they lack education.
A farmer frequently faces different types of threats and natural disasters. Agriculture sector is very risky sector. No one can say at what time and which type of disaster will occur. Agriculture productions and farm incomes in India are frequently affected by natural calamities such as droughts, floods, cyclones, storms, landslides, and earthquakes. Farmers always seek for the help to come out from the situations. By considering the problems of the farmers, Government of India has made some provisions for them.

Government of India and some private agencies have formed some schemes for well being of farmers and their heirs. The provisions like agriculture schemes such as crop insurance schemes, live stock insurance, Personal insurance scheme, life insurance scheme, Cattle insurance schemes, Accidental insurance schemes, Aqua culture insurance. Farmers package insurance (covers all their property and assets), Fish insurance, Floriculture insurance, Horticulture insurance, Poultry insurance etc. Government brought several schemes for farmer for their well being but the problems are increasing day by day. That's why I have decided to take one scheme for study, and search a solution for the problem.

Farmers suicide a serious issue and state government is trying to help the farmers and their family from time to time as needed. Government helps the farmers family after deceased person by giving economic protection to them.

The unopportune appearance of natural wrath is becoming the reason for decreasing farmer's income due to such constraints farmers take loan and then they are not able to repay the loan amount taken from the bank or any financer. So delay in repayment of loan amount increases the interest day by
day and it has become the reason for farmer's suicide. So therefore sympathetically government gives them economical back up as by giving some amount. If the farmers didn't get any help then the family suffers from very poor condition.

I observed that media and opposition parties should uphold the matters like farmers suicide, they will never come together to help them but impose all the blame on ruling party. By behaving like this it is not possible to us to solve the problem. By always holding on to the same ideology, we distant other issues, we neglect other plans and schemes of government. If a farmer dies or get disable due to other reasons, no one cares for him. What do the family members of do at that time? So by considering all the situations like that government of Maharashtra applies the scheme "Farmer public accidental insurance scheme".

Agriculture production and farm incomes in India are frequently affected by natural disasters such as droughts, floods, cyclones, storms, landslides and earthquakes. For avoiding these risks and inequality of nature and protecting the farmers and their well being to provide the insurance to the farmers this scheme cover up accident and accidental death of farmers. The risk like road/railway accidents, snake/scorpion bite, death by falling from heights, being killed by naxalite , animal attacks, riots, diseases such as rabies etc. or any other accidents are covered under this scheme.

It has been observed from the secondary data that the Government of Maharashtra has extended the personal accident insurance scheme for farmers. More than one crore farmers in the state are covered under the scheme.
According to the government the scheme launched in 2005 has been useful for farmers. The government had improvised on the National Crop insurance scheme to offer accident cover to farmers. Maharashtra is the only state to offer such a scheme to the farmers. The agriculture department has tied up with two insurance agencies to cater the six regions of the state. Liberty Videocon general insurance company ltd And Tata AIG general insurance company ltd. have got the mandate for six revenue divisions in the state.

The government has allocated Rs.15, 80, 75,945 crore as premium to be paid to the insurance companies on behalf of 1.06 crore farmers, ‘’the premium works out to about Rs.15.8 crore at Rs.11.95 per farmer for a year. the state will also pay service tax of around Rs.2 crore on the premium.’’ This data shows the scope for study.

It is also observed that the families covered under the scheme will get Rs.1 lakh on accidental death of the farmer and Rs.50, 000 on a mishap that renders the farmer handicapped for life. The scheme has been drafted after taking in to account the high number of mishaps in rural areas.

While implementing the scheme the government has instructed the agriculture department to make the scheme popular and effective and to advertise it in rural areas and educate farmers about it.

Parbhani district in Maharashtra has a population of 18.36 lakh and it has an area of 6250.58 sq. km. In Parbhani dist. most of the people dependent on agriculture. According to census there are 4,60,166 7/12 holders exists in Parbhani. It can be obviously assumed that some family members of these document (7/12) holders are also related /dependent on farming. Government
covers and pays insurance of these 7/12 holders, i.e. farmers. Even though there are so many farmers, most of them don’t seek claims for insurance, in the year 2013-2014 only 63 farmers claimed for insurance and out of which only 35 claims are settled, 14 claims were rejected, 9 claims were closed, 5 claims were under process and remaining 1 is in query. If we analyze the above figures we will notice that a very small percentage of farmers have claimed for the insurance even though most are covered and may have met accidents. By considering the figures an above review of literature the topic study of Farmer Public Accidental Insurance Scheme of Maharashtra government have been taken for research. The methodology of the study is adopted as follows:

b) Methods of the Study:

Our research "A critical study of farmer public accidental insurance scheme of Maharashtra government with special reference to Parbhani district" is focused on awareness of the scheme, economic feasibility and the interest of government officials in implementing the scheme. Looking to the main research question and sub-questions of the thesis it is needed to get data from the beneficiaries of the scheme. And after collection it must be possible to measure and compare the obtained data. In this research we have used a purposive sampling method for gaining research data. The Statistical analysis of the collected data, For the Analysis used SPSS software as well as other Statistical tools i.e. MS Excel, The data presented in Table form, pictorial, graphical form with interpretation.
i) Primary Data:

Primary data was collected using purposive sampling method. Survey was done using a longitudinal self-administrated structured questionnaire specially designed for evaluating the scheme keeping all necessary parameters in view. The chosen respondents were beneficiaries, the government officials and farmers. The questionnaire is divided into two sections such as A and B for farmers/beneficiaries and government employees. Questionnaire is consisting two sections A and B A consist of 41 items and B is consisting 21 items.

ii) Secondary Data:

Secondary data was collected using various authentic sources. To collect secondary materials, the figures released by various offices such as government offices, Agricultural commissionerate, Agriculture ministry were assessed.

Apart from this, the Directorate of economics and statistics, Mumbai, Maharashtra's financial views, various guide book related to the scheme, reference books, computer web sites were used. Different statistical techniques like average, varied, yearly method, tables and graphs were used to analyze data available with the help of secondary equipment.

c) Sample Design:

The focus of this research was on farmer public accidental insurance scheme of Maharashtra government with special reference to Parbhani district. The self-administrated questionnaires were prepared keeping in view the geography, economy and the beneficiary of the district. The sampling process
adopted for the study was purposive sampling method. The data was collected from 15 August 2009 to 27\textsuperscript{th} October 2014. For the purpose of the study primary data was collected from 18 government officers, the selection of the officer is on the basis of their numbers of Mandal's and 220 beneficiaries of various talukas from Parbhani district. wiz; Parbhani, Jintur, Sailu, Pathri, Manvat, Sonpeth, Gangakhed, Palam and Purna. Which were selected as a sample for the study.

Table 2.1

Table Showing Sample Size and Coverage of the Study

<table>
<thead>
<tr>
<th>Sr. No.</th>
<th>Taluka</th>
<th>No. of respondents</th>
<th>Selected respondents</th>
<th>Percentage (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>01</td>
<td>Parbhani</td>
<td>78</td>
<td>14</td>
<td>38</td>
</tr>
<tr>
<td>02</td>
<td>Jintur</td>
<td>56</td>
<td>12</td>
<td>37</td>
</tr>
<tr>
<td>03</td>
<td>Sailu</td>
<td>29</td>
<td>06</td>
<td>20</td>
</tr>
<tr>
<td>04</td>
<td>Pathri</td>
<td>34</td>
<td>06</td>
<td>21</td>
</tr>
<tr>
<td>05</td>
<td>Manvat</td>
<td>25</td>
<td>06</td>
<td>18</td>
</tr>
<tr>
<td>06</td>
<td>Sonpeth</td>
<td>20</td>
<td>06</td>
<td>10</td>
</tr>
<tr>
<td>07</td>
<td>Gangakhed</td>
<td>47</td>
<td>06</td>
<td>32</td>
</tr>
<tr>
<td>08</td>
<td>Palam</td>
<td>21</td>
<td>06</td>
<td>16</td>
</tr>
<tr>
<td>09</td>
<td>Purna</td>
<td>42</td>
<td>09</td>
<td>28</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>352</td>
<td>71</td>
<td>220</td>
</tr>
</tbody>
</table>

Source: Primary Data.
d) Objectives of the Study:

Government is implementing various types of schemes related to agriculture. Different organizations and banks are also providing the schemes for stability of farmers or their families after disability or death of family holder.

Following are the specific objectives of the study:

1. To evaluate the economic feasibility of the scheme.
2. To discuss and explore the prospects and problems of insurance to farmers in Parbhani district.
3. To evaluate the performance of the scheme.
4. To study the role of government in implementing the scheme.
5. To find out the measures to increase the effectiveness of the scheme.
6. To evaluate the feasibility of sum assured with different parameters like age of person, average income and number of respondents.
7. To examine the factors which are responsible for lack of awareness among farmers about the scheme.

e) Hypothesis:

The scheme was started in 2005 and the government is spending a huge amount for the scheme. To avail the benefits of the scheme farmers are not needed to present the income certificate or any caste certificate. But one thing is compulsory that is by profession the farmer should be 7/12 document holder.
While studying Farmer public accidental insurance scheme the following hypothesis is confirmed and then research was done.

**Following are the Hypotheses:**

H₁. The Farmer Public accidental insurance scheme of Government of Maharashtra is not popularized because of lack of advertisement.

H₂. The scheme is not financially supportive to victim's family.

H₃. The government officials are not taking too much interest in continuation of the scheme.

f) **Period of study:**

The observations are made from the data for the years 2009 to 2014 to arrive at the conclusions. The period of the study is 5 years.

g) **Statistical Method:**

Following statistical methods will be used

1. Scaling Techniques: Scaling describes the procedures of assigning numbers to various degrees of opinion, attitude and other concepts.

2. A popular and appropriate statistical method will be adopted for achieving the objectives of the study and to find out the relevance of hypothesis.

h) **Scope of the Study:**

1. The study reveals the legal and administrative aspects regarding the scheme.

2. The study will help to improvise and to increase the effectiveness of the scheme.
3. The present study will prove utterly beneficial for the government officials and the research scholars working in the field of agriculture sector.

i) **Limitation of Study**:

   By considering the importance of certain objectives of the study and according to the scheme Farmer public accidental insurance scheme the area of the study is Parbhani district. Parbhani district has been set up in Marathwada region of Maharashtra. In Parbhani district there are nine (taluka) sub-districts Parbhani, Gangakhed, Palam, Purna, Jintur, Selu, Pathri, Manvat, and Sonpeth. And the population of the study is 18 lakh 36 thousand. The reason behind choosing the area is that the researcher is a resident of Parbhani district. Researcher is from agricultural family and continuously facing agricultural related problems. The problems like uncertainty of nature and every time threat of electric shock etc. Knowledge of liberalization, privatization, and globalization policy has not changed in the situation of farmers. The essential schemes has been selected to check the reality of what is actually through research.

**The limitation of the study will be as follows** -

1. This study is related to the information gathered about farmers public accidental insurance scheme by the Maharashtra Govt. with reference to Parbhani district.

2. The reliability of the study depends on the authenticity of the information supplied by the respondents.
3. As the study requires huge data from selected area, cost and time constraints may have affected the effectiveness of the study though every attempt made to keep the spirit of the objective and research methodology.

4. The relevant research is geographically limited to Parbhani district and its sub-districts Sailu, Manvat, Pathri, Sonpeth, Gangakhed, Palam, Purna, and Jintur.

5. The study is limited to farmer public accidental insurance scheme, beneficiaries and the farmers within district.

6. The sample was drawn from the list applied by the agriculture office.

7. The financial information provided by respondents is not confirmed by the documents.

j) **Chapter Scheme :**

1) **Introduction:**

This chapter provides the basic foundation of the research study. The chapter begins with a foreword of the insurance, Importance of insurance, objectives of insurance, and terms of insurance, types of insurance, concept of the scheme, objectives of the scheme, importance of the scheme, features and benefits of the scheme.

2. **Review of literature and Research methodology:**

This chapter describes research methodology with collection of data and presentation of study. This chapter explains the review of literature relevant to the research study.
3. **Programme and policy of the Maharashtra Government:**

This chapter explores all the brief details of the policy and programme of the government of Maharashtra.

4. **Economy of the Parbhani district:**

This chapter briefly explains the economy of Parbhani district and economic condition of the farmers.

5. **Analysis and interpretation of data:**

This chapter provides the analysis of the data collected with the help of well structured questionnaire and the interviews of the beneficiaries or farmers. The details regarding experiences and opinion of the beneficiaries explored about the scheme with the help of tables and their analysis.

6. **Findings, Suggestions and Conclusions:**

This chapter summarises findings, conclusion and suggestions drained from the analysis done by the closely explored data accumulate and constructed in various chapters.

In this topic, arguments regarding the insurance of different authors have been taken into consideration and it shows that no author has studied on the Farmers accidental insurance scheme. The researcher, therefore, have been taken the topic for research.
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